中国信贷
CREDIT CHINA

Credit China Holdings Limited
中國信貸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8207

2014 Annual Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors of Credit China Holdings Limited (the "Company and the "Directors", respectively") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Phang Yew Kiat *(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*
Mr. Chng Swee Ho *(Appointed on 17 March 2014)*
Mr. Sheng Jia
Ms. Shen Li

(Mr. Shi Zhi Jun and Mr. Ji Zu Guang resigned on 17 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014)

Non-executive Directors

Mr. Li Mingshan *(Appointed as Chairman on 7 July 2014)*
Mr. Li Gang *(Appointed on 17 November 2014)*
Mr. Wong Sai Hung *(Appointed on 17 March 2014)*

Independent Non-executive Directors

Mr. Ge Ming *(Appointed on 18 September 2014)*
Mr. Peter Z Kuk *(Appointed on 7 July 2014)*
Mr. Wang Wei *(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho *(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

COMPANY SECRETARY

Mr. Kwok Siu Man *(Appointed on 7 July 2014)*
Ms. Kuo Kwan *(Resigned on 7 July 2014)*

COMPLIANCE OFFICER

Mr. Chng Swee Ho *(Appointed on 18 September 2014)*
Ms. Shen Li *(Resigned on 18 September 2014)*

AUTHORIZED REPRESENTATIVES

Mr. Phang Yew Kiat *(Appointed on 18 September 2014)*
Mr. Kwok Siu Man *(Appointed on 7 July 2014)*
Ms. Kuo Kwan *(Resigned on 7 July 2014)*
Ms. Shen Li *(Resigned on 18 September 2014)*

AUDIT COMMITTEE

Mr. Ge Ming *(Appointed as Chairman on 18 September 2014)*
Mr. Peter Z Kuk *(Appointed on 7 July 2014)*
Mr. Wang Wei *(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho *(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

REMUNERATION COMMITTEE

Mr. Wang Wei *(Appointed as Chairman on 7 July 2014)*
Mr. Ge Ming *(Appointed on 18 September 2014)*
Mr. Peter Z Kuk *(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho *(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

NOMINATION COMMITTEE

Mr. Peter Z Kuk *(Appointed as Chairman on 7 July 2014)*
Mr. Ge Ming *(Appointed on 18 September 2014)*
Mr. Wang Wei *(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho *(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

PRINCIPAL BANKERS

China Merchants Bank Hong Kong Branch
21/F, Bank of America Tower
12 Harcourt Road
Central, Hong Kong

China Construction Bank Corporation
(Shanghai Nanjing West Road Sub-branch)
No. 577-587, Nanjing West Road
Shanghai, The People's Republic of China

Corporate Information

INDEPENDENT AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

LEGAL ADVISER

Mayer Brown JSM
16th-19th Floors, Prince's Building
10 Chater Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

(With effect from 25 October 2014)
Rooms 3533-39, Level 35
Two Pacific Place
88 Queensway
Hong Kong

(With effect until 24 October 2014)
Rooms 2101-05, 21/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN PRC

(With effect from 15 August 2014)
Room E-F, 28F, Mirae Asset Tower
No. 166 Lujiazui Ring Road
Pudong, Shanghai, The People's Republic of China
Postal Code 200120

(With effect until 14 August 2014)
PH Floor, Lucky Target Square
No. 500 Chengdu Road North
Huangpu District, Shanghai
The People's Republic of China

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

www.creditchina.hk

STOCK CODE

08207

INVESTOR RELATIONS CONTACT

ir@creditchina.hk

Financial Highlights

	2014	2013	**Changes**
	RMB'000	RMB'000	
OPERATING RESULTS			
Turnover	**374,068**	269,728	**38.7%**
Net profit	**66,258**	154,765	**-57.2%**
Profit for the year attributable to:			
Owners of the Company	**58,194**	141,247	**-58.8%**
Non-controlling interest	**8,064**	13,518	**-40.3%**
Basic earnings per share	**RMB1.85 cents**	RMB5.78 cents	**-68.0%**
Dividend for the year per share	**HK0.46 cents**	HK1.21 cents	**-62.0%**
FINANCIAL POSITION			
Total assets	**2,671,727**	2,311,551	**15.6%**
Bank balances and cash	**265,515**	259,591	**2.3%**
Total liabilities	**1,252,299**	1,017,126	**23.1%**
Net assets	**1,419,428**	1,294,425	**9.7%**

Chairman's Statement

2014 was a crucial year for Credit China – we started our journey of strategic transformation. The Group shifted from being primarily a provider of traditional financing services and loans to becoming a leading internet financing business in China and had obtained fruitful results.

With the emergence of internet technology, the financial industry is undergoing through an evolution with the global financial industry heading towards a new commercial model of internetization. Leveraging on the Group's positive outlook on the development of internet financing and its inherent knowledge in traditional financing business to develop an internet financing business, Credit China commenced its strategic transition in the 2nd half of 2013 with a new business strategy. In the 4th Quarter of 2013, the Group bought a 100% stake in a China online third-party payment business and subsequently in 2014, the Group actively expanded into the peer-to-peer ("P2P") loan service platform business – setting up multiple subsidiaries and joint ventures to capture the fast growing opportunities in "peer-to-peer matching" business. Building on the foundation of business activities in 2014, the Group further acquired a 100% interest of "Financial Workshop" P2P Website and a 10% stake in "First P2P" in January 2015. These acquisitions solidified the Group position to becoming one of the leading internet financing service institutions in China and marked another important milestone in the Group's development.

The internet financing industry is undergoing a rapid growth, and the number of participants and size of internet financing have been increasing significantly. According to the data from the "China Internet Network Information Center（中國互聯網絡訊息中心）", in the second half year of 2014, the number of subscribers for online wealth management products increased by 14.65 million again to nearly 78.50 million for the year; and according to the statistics from www.iResearch.cn, the transaction volume of online third-party payment had reached RMB8 trillion in 2014, representing a year-on-year increase of 50.3%, and it is expected that the transaction volume will reach RMB22 trillion by 2018, predicting the enormous potential that internet financing can bring.

Although the Group only commenced its internet financing business in the 4th quarter of 2013, these activities have achieved robust revenue momentum in 2014, and it is growing steadily quarter on quarter. For the full accounting year 2014, the internet financing business has accounted for 24.8% of total revenue, with a turnover of RMB66.3 million in online third-party payment business and RMB26.6 million in P2P loan business. The encouraging results recorded in the internet financing business had fully demonstrated that the Group was able to seize market opportunity in a timely manner and also indicated the effectiveness of our strategic transition.

Looking forward, the Group will continue to strengthen its internet financing services in terms of quality and quantity. While more resources will be devoted to improve service standards and product quality, the Group will also enlarge its market share through acquisitions and mergers as well as co-operation with other financial institutions, with an aim to maintain its leading position in the market.

In the past 12 months, the Group has been building up its core management team through recruiting senior management personnel with extensive industry experience to lead the Company through the current rapid growth phase. As the first Hong Kong listed company principally engaging in the internet financing business, Credit China will continue to maintain its pioneer position and dedicated to creating a strong, convenient and effective integrated internet financing ecosystem for all stake holders through innovative solutions, and bringing promising profits to the Group and its shareholders.

Finally, on behalf of the Board, I would like to thank our shareholders and business partners for their support and our staff for their dedication and hard work in the past year.

Li Mingshan
Chairman

Hong Kong, 24 March 2015

Management Discussion and Analysis

BUSINESS REVIEW

In 2013, the Group primarily specialized in the business of providing traditional financing services including entrusted loans, real estate-backed loans, pawn loans, micro loans and other loans and related financing consultancy services for small and medium-sized enterprises and individuals in the People's Republic of China (the"PRC") and Hong Kong. With the aim to ride on the wave of "internet finance evolution", the Group started with a new business strategy at the end of 2013 by participating into the online third-party payment business and prepaid card issuance business in the PRC, through the acquisition of the entire equity interest in UCF Huisheng Investment (HK) Co., Limited ("UCF Huisheng"). To further complement its strategic market re-positioning in the internet financing business, in the 1st quarter of 2014, the Group set up a wholly-owned subsidiary offering internet "housing" loan products and acquired a 80% interest in a Shanghai company which is primarily engaged in the offering of internet automobile financing services.

With the transition into the internet financing business, the Group has recorded double digit growth in revenue for the year ended 31 December 2014, The interest income and financial consultancy service income derived from traditional financing services recorded a significant decrease of 12.9% in 2014 which was in line with the slow-down in the PRC property market following tightening macro-control policies on the PRC property industry. The new internet finance business activities have demonstrated strong and sustainable revenue momentum generated RMB92.9 million for the year representing 24.8% of the total Group's revenue (2013: Nil). The revenue from the online third-party payment services and P2P loan services represented 17.7% and 7.1% of the total Group's revenue respectively and both increased by 100% when compared with that of last year.

The Group continues to pursue its strategy of entering into strategic partnerships when suitable opportunities arises. During the year of 2014, the Group entered into several joint venture agreements with different business partners in various provinces across in the PRC to achieve regional cooperations, geographic penetrations, product specializations and service differentiations.

As at the date of this annual report, the Group has completed the following significant transactions:

(a) Acquisition of a 10% equity interest in First P2P Limited ("First P2P")

On 12 January 2015, Ever Step Holdings Limited ("Ever Step"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 10% equity interest in First P2P at a consideration of RMB50.0 million. The transaction was completed on 27 January 2015.

First P2P is a leading P2P portal in China. The principal business of First P2P is engaged in operating a P2P platform for internet financing with collaterised assets. The business offerings are conducted via multiple channels, including a website (FirstP2P.com/網信理財) and a mobile application under the"First P2P" ("網信理財") brand.

(b) Acquisition of a 100% equity interest in Beijing Phoenix Credit Management Corporation ("Beijing Phoenix")

On 11 August 2014, Wanjun Hangzhou Venture Capital Management Company Limited ("Wanjun"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 100% equity interest in Beijing Phoenix through structured contracts at a consideration of RMB50.8 million. The transaction was completed on 28 January 2015.

The principal business of Beijing Phoenix is engaged in operating an online P2P lending business. Moving forward, this P2P portal will primarily focus on offering internet financing with collaterised financial assets. The business offerings are conducted via multiple channels, including a website (www.9888.cn: 金融工場) and a mobile application under the "Financial Workshop" ("金融工場") brand. The 9888 portal had 61,113 active clients and 2,652 completed transactions as at the end of February 2015.

(c) Acquisition of a 49% equity interest in Hainan Pioneer Internet Microfinance Limited ("Hainan Pioneer")

On 11 August 2014, Wanjun entered into an acquisition agreement to acquire a 49% equity interest in Hainan Pioneer at a consideration of RMB49.0 million. The transaction was completed on 20 March 2015.

The principal businesses of Hainan Pioneer include not only providing financing services to small and medium-sized enterprises and individuals within the Hainan Province, the PRC, but has the license to offer small loans to enterprises and individuals nation-wide via internet, which differs from the traditional micro finance lending license which is limited in geographically.

(d) Disposal of the entire 60.3% equity interest in China Runking Financing Group Holdings Limited (“China Runking”)

On 24 October 2014, Jovial Lead Limited (“Jovial Lead”), an indirectly wholly-owned subsidiary of the Company received an offer letter from a substantial shareholder requesting to purchase the entire 60.3% interest owned by Jovial Lead in China Runking, which operates a traditional micro-loan finance business in Chongqing City, the PRC. In order to reduce its exposure to credit risk on generally unsecured micro-loans and concentrate its further development in the internet financing businesses, Jovial Lead conditionally accepted the offer on 26 October 2014. The disposal transaction was approved by independent shareholders on the extraordinary general meeting held on 15 December 2014 and was completed on 18 December 2014.

(e) Disposal of the remaining 15% equity interest in Measure Up International Limited (“Measure Up”)

On 5 March 2015, Ever Step, a wholly-owned subsidiary of the company, entered into a sale and purchase agreement to dispose of the remaining 15% equity interest in Measure Up at a consideration of RMB1.06 million. The transaction was completed on 20 March 2015. Upon the completion, the Group ceased the operation of lease financing business.

(f) Subscription of convertible bond issued by China Fortune Financial Group Limited (“China Fortune”)

On 10 February 2015, a 12% coupon convertible bond (the “2015 Convertible Bond”) was issued by China Fortune to Ever Step with principal amount of approximately HK$40,385,000 (equivalent to approximately RMB31,983,000) for settlement of the Convertible Bond. The 2015 Convertible Bond bears 12% interest per annum with maturity on 9 February 2016. The Group can exercise the conversion option in whole or in part on the maturity date. The conversion price is HK$0.13 per share (subject to adjustments). China Fortune may redeem the 2015 Convertible Bond in whole or in part at anytime from the date of issue up to the maturity date. Unless previously redeemed or converted, China Fortune shall redeem the 2015 Convertible Bond at 100% of the principal amount at maturity date.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2014, the Group reported revenue of approximately RMB374.1 million, an increase of 38.7% as compared to approximately RMB269.7 million in 2013. The growth in revenue was mainly attributable to new income streams from the provision of online third party payment service, P2P loan service and gain on transfer of rights on interests on loan receivables.

- **Entrusted loan and other loan income**

  The entrusted loan and other loan income includes interest income, financial consultancy service income and gain on transfer of rights on interests on loan receivable, which were derived from the Group's entrusted loans, pawn loans and other loans secured with pledged assets or guarantees. It generated 47.1% of the Group's total revenue and recorded a drop of 19.4% to approximately RMB176.0 million during the year under review as compared to approximately RMB218.3 million from the previous year.

- **Micro loan income**

  For the year under review, the Group's interest income and financial consultancy service income derived from microfinance services increased significantly to approximately RMB105.1 million as compared to approximately RMB51.2 million from the previous year, because the Group had expanded its micro finance platform in Chongqing City, the PRC since 2013. On 18 December 2014, the group disposed of its entire 60.3% interest in the micro-loan business in Chongqing City to reduce its exposure to credit risk on unsecured micro-loans and concentrate its further development in the internet financing businesses.

- **Online third party payment service income**

  In March 2014, the Group's online third party payment business commenced its operation in the provision of payment transaction, system consultancy and other services and contributed approximately RMB66.3 million revenue, presenting 17.7% of the Group's revenue.

- **P2P loan service income**

  During the year under review, the Group recorded approximately RMB26.6 million revenue, as 7.1% of the Group revenue, from the provision of P2P loan services in relation to its internet housing loan and automobile loan services which started to contribute to the Group's revenue in April and May 2014, respectively.

Interest expenses

The Group's interest expenses were mainly comprised of interest due on bank loans, Hong Kong Dollar-denominated corporate bonds, other borrowings and financial assets sold under repurchase agreements. The Group's interest expenses increased 144.4% to approximately RMB92.4 million for the year ended 31 December 2014 from approximately RMB37.8 million for the previous year. This was because, in order to fund its operations and business development, the Group had obtained new bank loans and other loans in the principal amount of approximately RMB230.0 million during the 4th quarter of 2013.

Other income

The Group's other income mainly comprised convertible bond interest income, bank interest income, rental income and government grants. The Group's other income for the year ended 31 December 2013 and 2014 was approximately RMB20.5 million and RMB18.8 million, respectively. The government grants of approximately RMB9.5 million to Shanghai Yintong Dian Dang Company Limited ("Shanghai Yintong"), Lucky Target Property Consultants (Shanghai) Company Limited ("Lucky Consultants") and other subsidiaries of the Group in Shanghai, PRC was in relation to the encouraging the expansion of enterprise.

Administrative and other operating expenses

The Group's administrative and other operating expenses primarily comprised salaries and staff welfare, rental expenses, legal and professional fees, sales and marketing related expenses and impairment on loan receivables. The Group's administrative and other operating expenses for the year ended 31 December 2013 and 2014 were approximately RMB113.2 million and RMB189.8 million, respectively. The increase of 67.7% in administrative and other operating expenses was mainly attributable to impairment on loan receivables from micro loan business amounting to approximately RMB29.0 million, increase of salaries and staff welfare by approximately RMB32.4 million as additional management and staff was recruited for the mirco-finance business, P2P loan services and online third-party payment services as well as other operating costs due to business development.

Share-based payment expenses

Share-based payment expenses of the Group for the reporting year amounted to approximately RMB4.8 million (2013: RMB5.5 million). The Company granted share options under the Share Option Scheme on 11 December 2014 to certain eligible grantees (the "Grantees"), which will enable the Grantees to subscribe for an aggregate of 193,800,000 ordinary shares of the Company.

Profit for the year

The profit attributable to owners of the Company for the reporting year was approximately RMB58.2 million, representing a decrease of approximately 58.8% as compared to approximately RMB141.2 million from the previous year. The decrease was mainly due to impairment on loan receivables from micro loan business in an amount of approximately RMB29.0 million during the year, a decrease in appreciation in fair value for a Shanghai investment property by approximately RMB65.4 million and a reversal of a contingent consideration receivable of approximately RMB8.5 million.

OUTLOOK

2014 was a year of challenge and change for the Group. We have been an active player in the internet financing business since we participated into the online third-party payment industry at the end of 2013 followed by a full year of activities surrounding the P2P lending business. In just over a year, the Group has successfully transformed from its traditional financing business into internet financing, a promising sector with great potential. Today, we have become one of the leading internet financing service providers across China and have laid a strong foundation for our future development.

Over the past year, internet financing has rapidly and widely penetrated into various sectors of the society. According to the figures released by China Internet Network Information Center (中國互聯網絡訊息中心), as of December 2014, the users of internet financial products in aggregate were approximately 78.50 million, an increase of 14.65 million in just over half a year. This is equivalent to 12.1% of all netizens having used internet financial products. As more and more of these new products will be launched, we can expect that the use of internet financing will become much more common.

For 2015, the internet financing industry looks to set to maintaining its upward momentum for rapid growth. We remain in full confidence of its future prospects and is committed to strengthening strategic deployments in various segments to consolidate our strengths.

- For the online third-party payment business, the Group is poised to further expand its merchant clientele base and provide highly reliable payment services by collaborating closely with different financial institutions.

- For P2P lending, apart from automobile and housing loans, the Group will continue to explore high-quality industries for lending and introducing new products to provide more flexible loan services.

- Apart from increasing our investments and optimising the current P2P information platforms, Credit China will strengthen its various relationships by nurturing strategic alliances. The Group has successfully completed the acquisitions of an internet financing platform, including the entire interest of Financial Workshop (金融工場) and a 10% share interest in First P2P (網信理財) in January 2015.

- Depending on market conditions and opportunities, Credit China will be actively looking for acquisition opportunities and at the same time forming strategic partnerships in order to increase its P2P market share as well as to further expand our geographic footprint.

Management Discussion and Analysis

As more enterprises will enter into the different forms of the internet financing industry in 2015, we expect an increasingly competitive market will be developed. We also expect new regulations will be issued by the Chinese regulators in the coming months.

Our goal is to position ourselves in the internet finance space setting up steady, sustainable growth internet finance offerings to help our target clients in turn making our Group to be a leader in the space.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

In the year of 2014, the Group's source of funds was mainly from cash generated from operations and proceeds from issue of shares. As at 31 December 2014, the Group had bank balances and cash of approximately RMB265.5 million (2013: approximately RMB259.6 million), of which approximately 96.9%, 2.7%, 0.4% were denominated in Renminbi, U.S. dollars and Hong Kong dollars respectively.

As at 31 December 2014, the Group had interest bearing borrowings, which mainly comprised Hong Kong Dollar-denominated corporate bonds and other borrowings, amounting to approximately RMB492.2 million (2013: approximately RMB719.6 million). The gearing ratio, representing the ratio of total borrowings to total assets of the Group, was 0.18 as at 31 December 2014 (2013: 0.31).

The Company completed the issue of HK$200,000,000 9.5% notes due July 2016 on 8 July 2014 pursuant to a subscription agreement dated 3 July 2014 and entered into between the Company, Haitong International Securities Company Limited (as Lead Manager) and Haitong International Finance Company Limited (as Initial Subscriber). The Company repaid the total outstanding principal amounts of its unsecured RMB250,000,000 11% bonds due on 18 September 2014 on the same date.

During the year, the Company completed the issue of HK$60,000,000 5.5% per annum bonds due 2022 pursuant to a placing agreement entered into between the Company and Orient Securities (Hong Kong) Limited (as placing agent) on 11 September 2014.

During the year under review, the Group did not use any financial instruments for hedging purposes.

BORROWINGS AND BANK OVERDRAFTS

The Group had RMB288.4 million in borrowings or bank overdrafts as at 31 December 2014 (2013: RMB464.0 million).

INDEBTEDNESS AND CHARGE ON ASSETS

The Group did not have any long term borrowing for both years ended 31 December 2014 and 2013. As at 31 December 2014, the Group had short term borrowings amounting to RMB288.4 million (2013: RMB434.0 million), of which RMB211.8 million were interest-bearing at floating rates, and secured by the investment property of the Group with a carrying amount of approximately RMB575.0 million (2013:approximately RMB513.0 million) as set out in Note 19. The remaining borrowings amounting to RMB76.6 million were unsecured and interest-bearing at fixed rates. Details of borrowings of the Group during the year are set out in note 32 in this annual report.

As at 31 December 2014, the Group had long term corporate bonds RMB203.8 million (2013: Nil) and had no short term corporate bonds (2013: RMB255.6 million) in total. The Group had issued 2-year and 7.5-year corporate bonds with aggregate principal of HK$200,000,000 and HK$60,000,000, which are due on 8 July 2016 and 24 April 2022 respectively, and carry interest at fixed rate of 9.5% and 5.5% per annum with interest payable semi-annually in arrears. The corporate bonds are unsecured. Details of corporate bonds of the Group during the year are set out in note 35 in this annual report.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 6 May 2014, the Group acquired a 80% equity interest in the registered capital of 上海鋒之行汽車金融信息服務有限公司 ("上海鋒之行"), at a consideration of RMB5.0 million which was satisfied in cash. 上海鋒之行 is engaged in the development and operation of automobile financing products.

On 18 December 2014, the Group disposed of its entire 60.3% interest in the issued share capital of China Runking Financing Group Holdings Limited ("China Runking Group") at a consideration of HK$192.7 million. Upon Completion, the China Runking Group ceased to be subsidiaries of the Company and its financial results became no longer consolidated in the consolidated financial statements of the Group.

On 29 December 2014, the Group disposed of a 20% equity interest in Measure Up International Limited, which is engaged in the lease financing business in the PRC, at a consideration equivalent to the net book value of RMB1.45 million.

Other than disclosed above, there were no material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 December 2014.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

Save as disclosed under "Management Discussion and Analysis" in this annual report, there was no specific plan for material investments or capital assets as at 31 December 2014.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group has no significant contingent liabilities (2013: Nil).

CAPITAL COMMITMENTS

Capital expenditure commitment

At the end of the reporting period, the Group had the following capital commitments:

	2014	2013
	RMB'000	RMB'000
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment	**5,771**	751
Acquisition of club membership	**–**	384
	5,771	1,135

FOREIGN EXCHANGE EXPOSURE

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. Given the level of depreciation of RMB against HKD during the year under review, no financial instrument was used for hedging purposes.

The Group is mainly exposed to the fluctuation of HKD against RMB as certain of its bank balances are denominated in HKD which is not the functional currency of the relevant group entities. The Group has not made other arrangement to hedge against the exchange rate risk. However, the Directors and management will continue to monitor the foreign exchange exposure and will consider utilizing applicable derivatives to hedge out the exchange risk when necessary.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Directors closely monitor the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had a total of 255 staff and 5 contractors (2013: 212 staff). Total staff costs (including Directors' emoluments) were approximately RMB82.7 million for the year ended 31 December 2014 (2013: RMB50.9 million). Remuneration is determined by reference to the market conditions and the performance, qualifications and experience of individual employees. Year-end bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to a statutory mandatory provident fund scheme and social insurance together with housing provident funds for its employees in Hong Kong and the PRC, respectively.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors, employees and contractors of the Group who contribute to the success of the Group's operations.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Phang Yew Kiat (彭耀傑先生), aged 46, was appointed as the Deputy Chairman and an Executive Director of the Company on 23 December 2013 and a Co-Chairman of the Company on 17 March 2014. Mr. Phang has been the Vice Chairman and the Chief Executive Officer of the Company on 7 July 2014 and has been appointed as an Authorized Representative of the Company on 18 September 2014. Mr. Phang has been a co-chairman of Deer Creek Advisors Private Office for the Asia-Pacific Region since July 2012 and has obtained over 20 years of experience in the banking and finance industry and served in senior management positions at various financial institutions.

Mr. Phang was the principal director of the Standard Chartered Private Bank during January 2011 to June 2012. In June 2009, Mr. Phang was appointed as the general manager for SME businesses for Standard Chartered Bank Singapore and Malaysia. In 2005, Mr. Phang was a founding member (as the senior representative of Standard Chartered Bank) of China Bohai Bank in the PRC and acted as an executive director and deputy chief executive officer of China Bohai Bank from 2006 to 2009, with full responsibilities for the consumer banking business (including both personal and SME businesses). Mr. Phang obtained a Master's degree in Business and Administration in International Business from the University of Bristol in June 1995, and a Bachelor's degree of Engineering in Microelectronic Systems Engineering from the faculty of Technology of the University of Manchester in July 1993. Over the past 10 years, Mr. Phang has also attended executive education training at world leading business schools – Harvard Business School, Stanford Business School, Columbia Business School and INSEAD.

Mr. Chng Swee Ho (莊瑞豪先生), aged 46, was appointed as an Executive Director of the Company on 17 March 2014. He was also appointed as the Compliance Officer of the Company on 18 September 2014. Mr. Chng has been the Greater China managing partner of A.T. Kearney since 2012. Mr. Chng has obtained 23 years' experience in consulting, investment and banking and provided advisory services to clients from a wide range of financial sectors in North America, Europe and more than 10 countries in Asia. Mr. Chng was a partner of Bain & Company, Inc. during 2007 to 2011 and was a partner of The Boston Consulting Group, Greater China during 2003 to 2006. Mr. Chng obtained a Bachelor's degree in Accountancy from Nanyang Technological University of Singapore in May 1992.

Biographical Details of Directors and Senior Management

Mr. Sheng Jia（盛佳先生）, aged 34, was appointed as an Executive Director of the Company on 23 December 2013. Mr. Sheng has been the chief executive officer of China Net Credit Finance Group Limited since July 2013. Mr. Sheng is also an advisor of Shanghai Liketry.com of Shanghai Liketry Internet Information Technology Holdings Co., Limited^, a company co-founded by him. Mr. Sheng has extensive experience in design, research and development of web search and related products, and has over 6 years' experience in leading global search infrastructure teams in renowned multinational software companies. Mr. Sheng was appointed as the product manager of Google Inc. in 2010 and was responsible for the global product search and product infrastructure business. Mr. Sheng was one of the founders of Yunrang (Beijing) Information Technology Limited^, which was established in 2010.

Mr. Sheng obtained a Master degree in Computer Science from University of Toronto in 2005, and a Bachelor degree of Computer Science and Technology from Tsinghua University in 2002.

^ *the English translations of Chinese names or words are for information purpose only and should not regard as the official English translation of such Chinese names or words.*

Ms. Shen Li（沈勵女士）, aged 41, was appointed as an Executive Director of the Company on 4 January 2010. Ms. Shen joined the Company in January 2009 as a Deputy General Manager. Ms. Shen stepped down as the Chief Executive Officer of the Company but remained an executive Director on 7 July 2014. Ms. Shen also resigned as the Compliance Officer and an Authorised Representative of the Company on 18 September 2014. Ms. Shen is responsible for the operation and management of the Group. Ms. Shen obtained a Bachelor's degree in Computer and Finance from International Business School of Shanghai University（上海大學國際商學院）in 1995. Ms. Shen possesses the qualification of registered accountant of the PRC and is a member of the Chinese Institute of Certified Public Accountants（中國註冊會計師協會）. Ms. Shen worked at Price Waterhouse Da Hua CPAs, General Motors (China) Investment Co. Ltd. and was the controller of Asia Operation of Chrysler Asia Operations. She has about 19 years of experience in finance.

Biographical Details of Directors and Senior Management

Non-executive Director

Mr. Li Mingshan（李明山先生）, aged 62, was appointed as the Chairman and Non-executive Director of the Company on 7 July 2014. Mr. Li is a senior economist and has around 20 years of management experience in the securities industry. Mr. Li graduated from East China Normal University as a post-graduate with a major in global economics in May 1998 and obtained a Master's degree in Business Administration from Asia International Open University (Macau) in September 2000. Mr. Li was previously the vice general manager of Shanghai Shenyin Securities Company（上海申銀證券公司）, the predecessor of Shenyin & Wanguo Securities Co., Ltd.（申銀萬國證券股份有限公司）from January 1993 to June 1996 and the vice general manager of Shenyin & Wanguo Securities Co., Ltd. from June 1996 to March 1998, being mainly in charge of its brokerage business. Mr. Li was also the deputy general manager of the Shanghai Stock Exchange from March 1998 to May 2001 being mainly in charge of communications, trading systems and membership management. During the period from May 2001 to March 2014, Mr. Li was the General Manager and an executive director of Haitong Securities Co., Ltd.*/# (Stock Code: 6837/SSE Code: 600837) and in charge of the overall management of its operations. Mr. Li was a non-executive director and the chairman of Haitong International Securities Group Limited (previously known as Taifook Securities Group Limited) from January 2010 to April 2011 and was also the chairman of Haitong International Holdings Limited from August 2010 to March 2011. Mr. Li was a director of Fullgoal Fund Management Co., Ltd. from 2005 until August 2014.

Mr. Li Gang（李剛先生）, aged 57, was appointed as an Non-executive Director of the Company on 17 November 2014. Mr. Li was an non-executive director and a member of the remuneration committee of the board of directors of PCCW Limited* (Stock Code: 0008) from November 2011 to August 2014.

Mr. Li was a vice president of 中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited*) (Stock Code: 762) from February 2009 to June 2014. He is also a director and senior vice president of China United Network Communications Corporation Limited.

Mr. Li was a vice president of China Unicom (Hong Kong) Limited ("Unicom HK") from April 2006 to February 2009 and was a senior vice president of Unicom HK from February 2009 to June 2014. From April 2006 to October 2008, he was an executive director of Unicom HK. From August 1999 to December 2005, he was the deputy chairman, general manager and chairman of Guangdong Mobile Communication Co., Limited and the chairman and general manager of Beijing Mobile Communication Co., Limited. From May 2000 to December 2005, he was an executive director of China Mobile (Hong Kong) Limited. Mr. Li joined 中國聯合網絡通信集團有限公司 (China United Network Communications Group Company Limited) in December 2005 and served as its vice president.

Mr. Li holds a Master's degree in Business Administration from Jinan University, PRC. He has worked in the telecommunications industry for a long period of time and has deep management experience.

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\# *a company listed on Shanghai Stock Exchange*

Mr. Wong Sai Hung（黃世雄先生）, aged 59, was appointed as an Non-executive Director of the Company on 17 March 2014. Mr. Wong was an executive director of LW Asset Management Advisors Limited, which is an investment management company registered under the Securities and Future Commission of Hong Kong, from April 2013 to April 2014. Mr. Wong has been a director of One Asset Management Limited, a company incorporated in Thailand, since 1992. Mr. Wong has also been the vice chairman and a non-executive director of China Bio-Med Regeneration Technology Limited* (Stock Code: 8158) since July 2009 and June 2008 respectively, an independent non-executive director of Pang An Insurance (Group) Company of China, Ltd* (Stock Code: 2318) since June 2013 and an independent non-executive director of Hong Kong Exchanges and Clearing Limited* (Stock Code: 0388) since 2003. Mr. Wong has also been an independent non-executive director of JPMorgan Chinese Investment Trust plc, which is listed on the London Stock Exchange since 1 August 2014. Mr. Wong was a non-executive director of ARN Investment SICAV, a company listed in Luxemburg, from June 2010 to January 2014. Mr. Wong was the chief executive officer of ICBC (Asia) Investment Management Company Limited from 2008 to 2011. Mr. Wong was also the chief executive officer of BOCI-Prudential Asset Management Limited, a joint venture between Bank of China International and Prudential of the United Kingdom, during 2001 to 2005, and was the regional managing director of Prudential Portfolio Managers Asia during 1999 and 2000 when the joint venture started. In addition, he held senior positions at LGT Asset Management from 1977 to 1998. Mr. Wong graduated from The Hong Kong Polytechnic University with a Higher Diploma in Business Studies in October 1977.

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Independent Non-executive Directors

Mr. Ge Ming（葛明先生）, aged 63, was appointed as an Independent Non-executive Director of the Company, the Chairman of the audit committee of the board of directors of the Company (the "Board" and the "Audit Committee", respectively) and a member of each of the remuneration committee of the Board (the "Remuneration Committee") and the nomination committee of the Board (the "Nomination Committee") on 18 September 2014. Mr. Ge is a Certified Public Accountant and a senior fellow of the Chinese Institute of Certified Public Accountants. Mr. Ge is also a senior accountant as certified by the Ministry of Finance of the PRC and an overseas member of the Society of Chinese Accountants & Auditors. Mr. Ge graduated with the Master's degree in of Accountancy from the Research Institute for Fiscal Science, Ministry of Finance of the PRC, after his study during the period from 1979 to 1982.

Mr. Ge has over 30 years of experience in the field of auditing and advisory services and has assisted in the listing of various PRC companies on the Stock Exchange. Mr. Ge was a partner of Ernst & Young Hua Ming LLP and retired from his position in August 2014. Mr. Ge also served as an independent non-executive director of Shunfeng Photovoltaic International Limited* (Stock Code: 1165), from January 2011 to February 2013.

Mr. Peter Z Kuk（曲哲先生）, aged 60, was appointed as an Independent Non-executive Director of the Company, the Chairman of the Nomination Committee and a member of each of the Remuneration Committee and the Audit Committee on 7 July 2014. Mr. Kuk served as the Managing Director of the Investment Banking Division and as the Vice Chairman of China Business of Merrill Lynch (Asia Pacific) Limited and the Managing Director of Global Banking and Markets (GBM) and the Vice Chairman of China Region of The Hongkong and Shanghai Banking Corporation Limited. Mr. Kuk is the Chairman and a non-executive director of China Best Group Holding Limited* (Stock Code: 370). Mr. Kuk was the Chief Strategy Adviser for markets and customers of Deloitte Touche Tohmatsu and also served as a special assistant to the Chief Executive of Greater China. Mr. Kuk was a managing partner of Ernst & Young and responsible for government and public affairs. Mr. Kuk graduated from the Dongbei University of Finance and Economics (formerly known as the Liaoning Institute of Finance and Economics). Mr. Kuk was also qualified as a certified public accountant in the PRC.

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Mr. Wang Wei (王巍先生), aged 56, was appointed as an Independent Non-executive Director of the Company, the Chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee on 7 July 2014. Mr. Wang is the Chairman of the China Mergers & Acquisitions Association (CMAA), the Chinese Museum of Finance and the China M&A Group. Mr. Wang has been an independent director of Shanghai SMI Holding Co., Ltd.# (SSE Code: 600649) since May 2011, Hua Yuan Property Co., Ltd# (SSE Code: 600743) since November 2014 and Lifan Industry (Group) Co., Ltd# (SSE Code: 601777) since December 2010.

Mr. Wang has organized and supervised IPO underwritings for over 40 Chinese companies in both domestic and overseas markets. He is a financial consultant on restructuring, financing, M&A and IPO for many leading companies in China. Mr. Wang had worked in many leading organizations and corporations such as the World Bank. Mr. Wang also serves as the economic advisor for several ministerial and provincial governments in the PRC.

Mr. Wang obtained a Master's degree in Economics in the PRC and a Doctor of Philosophy in Economics from Fordham University in the United States. An author of many books, journals, articles and a well-known lecturer, he has given seminars and lectures in many universities.

Mr. Wang's excellence has been recognized by the public and he had received a number of awards, including the 2012 M&A Lifetime Achievement Award from M&A Advisor LLC in New York.

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Biographical Details of Directors and Senior Management

Dr. Wong, Kennedy Ying Ho（黃英豪博士）, *BBS, LLD, JP*, aged 52, was appointed as an Independent Non-executive Director of the Company, and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee on 16 February 2015. Dr. Wong is a solicitor of the High Court of Hong Kong, an China Appointed Attesting Officer and a director of the China Law Society. He is the managing partner of Philip K.H. Wong, Kennedy Y.H. Wong & Co., Solicitors & Notaries. Dr. Wong is the chairman of Hong Kong Resources Holdings Company Limited* (Stock Code: 2882), and also a director of Asia Cement (China) Holdings Corporation* (Stock Code: 743), the Bank of Beijing Company Limited# (SSE Code: 601169), Bohai Industrial Investment Fund Management Company Limited, China Overseas Land & Investment Limited* (Stock Code: 688), Goldlion Holdings Limited* (Stock Code: 533), Shanghai Industrial Urban Development Group Limited* (Stock Code: 563), Sinopec Yizheng Chemical Fibre Company Limited*/# (Stock Code: 1033/SSE Code:600871) and Times Property Holdings Limited* (Stock Code: 1233), which are all listed companies or multi-national companies with substantial investments in the PRC.

Dr. Wong is a National Committee Member of the Chinese People's Political Consultative Conference. He is also a member of the Election Committee of Hong Kong responsible for electing Hong Kong's Chief Executive. Dr. Wong was selected as one of the Ten Outstanding Young Persons of Hong Kong in 1998 and then one of the Ten Outstanding Young Persons of the World in 2003.

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\# *a company listed on Shanghai Stock Exchange*

SENIOR MANAGEMENT

Mr. Liu Gang (劉剛先生), aged 40, joined UCF Pay Limited (先鋒支付有限公司), a subsidiary of the Company, as the Chief Operating Officer in December 2013. Mr. Liu has over 15 years extensive working and management experience in the areas of payment, consultancy and telecommunications. He was the senior vice president of Shanghai Hanyin Information Technology Co., Ltd. (上海瀚銀信息技術有限公司) from 2009 to 2012, being fully responsible for the payment business department of the company. He was also the director of Tenpay Mobile Payment Centre of Tencent (騰訊財付通移動支付中心), responsible for the research and development, operation and business development of mobile payment and O2O payment products, and also responsible for key projects such as WeChat payment, WeChat red pocket, QQ Wallet and Tenpay App. Mr. Liu studied at the Beijing Information Technology Institute from August 1993 to July 1997 and obtained a Bachelor's degree with a major in information management and information systems.

Ms. Shen Jian (沈劍女士), aged 39, was appointed as the Senior Vice President of the Company on 2 July 2014. Ms. Shen is also the chairman of Shenzhen Yifangyidai Information Technology Service Company Limited (深圳壹房壹貸信息技術服務有限公司) ("First House Loan"), a subsidiary of the Company. She is responsible for the internet housing loan financing business. Ms. Shen possesses abundant experience in successfully implementing internet business platforms, media development and customer resources management. Prior to joining First House Loan, she was the general manager of the marketing division of CCTV Music Channel. Before that, she was the deputy general manager of sales for China of sina.com (新浪網技術中國有限公司). She worked for sina.com for eight years, where she led the team to achieve brilliant sales performance exceeding that of other sales districts and generated a significant revenue contribution to the company's results. Ms. Shen obtained an EMBA degree from the Cheung Kong Graduate School of Business and a Master's degree in Economics from the China Center for Economic Research at Peking University.

Ms. Xie Sha (謝莎女士), aged 31, joined the Company in May 2014 as Vice President of Corporate Development Department. Ms. Xie previously worked in the investment banking division at BNP Paribas and later worked as an investment manager at a private equity fund. Ms. Xie obtained her Master's degree in Finance from the University of Hong Kong.

Ms. Lau Sim (劉嬋女士), aged 38, was appointed as the Group's Financial Controller and Head of Compliance of the Company on 1 June 2014. Ms. Lau is responsible for the overall accounting, finance, compliance and corporate governance functions of the Group. She has worked in PricewaterhouseCoopers for a number of years and has gained immense experience in financial management, corporate finance, investment management and investor relations in large companies listed on the Main Board of the Stock Exchange. She obtained a Bachelor's degree in Accountancy from Hong Kong Polytechnic University and a Master's degree in Financial Analysis from the Business School of the Hong Kong University of Science and Technology. Ms. Lau is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants in England and a senior international finance manager certified by the International Finance Management Association.

Corporate Governance Report

The Board of Directors (the "Board") hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2014.

CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the important roles of its Board in providing effective leadership and direction to the Group's business, and ensuring transparency and accountability of the Company's operations. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business.

The Company has applied the principles and code provisions as set out in the Appendix 15, "Corporate Governance Code and Corporate Governance Report" (the "CG Code") of the GEM Listing Rules.

In the opinion of the Board, the Company has complied with the code provisions set out in the CG Code. Key corporate governance principles and practices of the Company are summarized below.

A. THE BOARD

A.1 RESPONSIBILITIES AND DELEGATION

The overall management and control of the Company's business are vested in its Board. The Board is responsible for establishing policies, strategies and plans, providing leadership in creating value and overseeing the Company's financial performance on behalf of the shareholders. All directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively and acting in the interests of the Company and its shareholders at all times.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the senior management, with a view to ensuring the Board procedures and all applicable laws and regulations are followed. Each director is able to seek independent professional advice in appropriate circumstances at the Company's expenses, upon making reasonable request to the Board.

The Board has delegated a schedule of responsibilities to the Chief Executive Officer and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company.

The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the foregoing officers and senior management.

A.2 BOARD COMPOSITION

The Board comprised the following directors during the year and up to the date of this report:–

Executive Directors

Mr. Phang Yew Kiat	*(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*
Mr. Chng Swee Ho	*(Appointed on 17 March 2014)*
Mr. Sheng Jia	
Ms. Shen Li	

(Mr. Shi Zhi Jun and Mr. Ji Zu Guang resigned on 17 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014)

Non-executive Directors

Mr. Li Mingshan	*(Appointed as Chairman on 7 July 2014)*
Mr. Li Gang	*(Appointed on 17 November 2014)*
Mr. Wong Sai Hung	*(Appointed on 17 March 2014)*

Independent Non-executive Directors

Mr. Ge Ming	*(Appointed on 18 September 2014)*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*
Mr. Wang Wei	*(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

The list of all directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The independent non-executive directors are expressly identified in all corporate communications of the Company. There is no relationship as between the Chairman and the Chief Executive Officer. The biographical details of the directors of the Company are set out under the section headed "Biographical Details of Directors and Senior Management" in this annual report.

During the period from 1 January 2014 to 31 December 2014, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

According to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive directors representing at least one-third of the Board. Upon the appointment of Mr. Li Gang as a non-executive director of the Company on 17 November 2014, the Board comprised ten directors, among whom three of them are independent non-executive directors, which fell below the one-third independent non-executive director requirement under Rule 5.05A of the GEM Listing Rules. However, following the appointment of Dr. Wong, Kennedy Ying Ho as independent non-executive directors of the Company on 16 February 2015, the Board comprises eleven directors and four of them are independent non-executive directors, which complies with the above one-third independent non-executive director requirement under the GEM Listing Rules.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Each executive director supervises areas of the Group's business in accordance with his/her expertise. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participation in Board meetings, taking the lead in managing issues involving potential conflicts of interests and/or serving on Board committees, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company has received a written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

A.3 CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles and duties of the Chairman and the Chief Executive Officer of the Company are carried out by different individuals.

The Chairman of the Board of the Company is Mr. Li Mingshan, who provides leadership for the Board and ensures its effectiveness in all aspects. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings.

The Chief Executive Officer of the Company is Mr. Phang Yew Kiat, who is in charge of the Company's day-to-day management and operations and focuses on implementing objectives, policies and strategies approved and delegated by the Board.

A.4 APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive directors of the Company is engaged on a service agreement with the Company for a term of three years. The Company has also issued a letter of appointment to each of the non-executive directors (other than Mr. Wong Sai Hung) and each of the independent non-executive directors of the Company for a term of three years.

Mr. Wong Sai Hung, a non-executive director of the Company, was first appointed for a fixed term of one year commencing on 17 March 2014. His appointment was renewed for a fixed term of three years on 17 March 2015.

In accordance with the Company's Articles of Association, one-third of the directors for the time being shall retire from office by rotation provided that every director shall be subject to retirement at an annual general meeting at least once every three years. All of the retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. The Board may from time to time and at any time appoint any person to be a director, either to fill a casual vacancy of the Board, or as an addition to the existing Board. Any director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of meetings after his/her appointment, and be subject to re-election at such meeting and any director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to the aforesaid provisions of the Articles of Association, eight directors of the Company, being Mr. Chng Swee Ho, Mr. Li Mingshan, Mr. Li Gang, Mr. Wong Sai Hung, Mr. Ge Ming, Mr. Peter Z Kuk, Mr. Wang Wei and Dr. Wong, Kennedy Ying Ho, shall retire at the forthcoming 2015 annual general meeting of the Company and, being eligible, will offer themselves for re-election at the meeting. The Company's circular, sent together with this annual report, contains detailed information of the retiring directors pursuant to the GEM Listing Rules.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Articles of Association. The Company has established a Nomination Committee which is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. The criteria for selection of directors are mainly based on the professional qualification and experience of the candidate. Details of the Nomination Committee and its work performed are set out in the "Board Committees" section below.

A.5 INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT FOR DIRECTORS

All directors of the Company received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

According to the records maintained by the Company, the directors received the following training regarding roles, function and duties of a director of a list company or professional skills in compliance with the new requirement of the Revised Code on continuous professional development during the year ended 31 December 2014:

		Reading Materials	Attending Seminars/ Induction Training
Executive Directors			
Mr. Phang Yew Kiat	*(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*	√	
Mr. Chng Swee Ho	*(Appointed on 17 March 2014)*		√
Mr. Sheng Jia		√	
Ms. Shen Li		√	

(Mr. Shi Zhi Jun and Mr. Ji Zu Guang resigned on 17 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014)

		Reading Materials	Attending Seminars/ Induction Training
Non-executive Directors			
Mr. Li Mingshan	*(Appointed as Chairman on 7 July 2014)*		√
Mr. Li Gang	*(Appointed on 17 November 2014)*		√
Mr. Wong Sai Hung	*(Appointed on 17 March 2014)*		√
Independent Non-executive Directors			
Mr. Ge Ming	*(Appointed on 18 September 2014)*		√
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*		√
Mr. Wang Wei	*(Appointed on 7 July 2014)*		√
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*		√

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

A.6 BOARD MEETINGS

A.6.1 Board Practices and Conduct of Meetings

Schedules for regular Board Meetings are normally agreed with the directors in advance in order to facilitate them to attend. In addition to the above, notice of at least 14 days is given for a regular Board meeting. For other Board meetings, reasonable notice is generally given.

Draft agenda of each Board meeting is usually sent to all directors together with the notice in order to give them an opportunity to include any other matters in the agenda for discussion in the meeting.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting to provide them with materials relating to the transactions to be discussed in the meeting in order to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chairman, the Chief Executive Officer and other relevant senior management normally attend regular Board meetings and, where necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Group.

The Company Secretary is responsible to keep minutes of all Board and committee meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Articles of Association contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

A.6.2 Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 December 2014, the Board held four full Board meetings which were the regular ones held at approximately quarterly intervals on 13 March 2014, 8 May 2014, 11 August 2014 and 11 November 2014. The attendance of each director is as follows:

		Number of board meetings attended/ Eligible to attend
Executive Directors		
Mr. Phang Yew Kiat	*(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*	4/4
Mr. Chng Swee Ho	*(Appointed on 17 March 2014)*	3/3*
Mr. Sheng Jia		4/4
Ms. Shen Li		4/4

(Mr. Shi Zhi Jun resigned on 17 March 2014 and during his appointment, he attended one regular board meeting which was held on 13 March 2014; Mr. Ji Zu Guang resigned on 17 March 2014 and during his appointment, he attended one regular board meeting which was held on 13 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014 and during his appointment, he attended two regular board meetings which were held on 13 March 2014 and 8 May 2014.)

Non-executive Directors		
Mr. Li Mingshan	*(Appointed as Chairman on 7 July 2014)*	2/2*
Mr. Li Gang	*(Appointed on 17 November 2014)*	0/0*
Mr. Wong Sai Hung	*(Appointed on 17 March 2014)*	3/3*
Independent Non-executive Directors		
Mr. Ge Ming	*(Appointed on 18 September 2014)*	1/1*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*	1/2*
Mr. Wang Wei	*(Appointed on 7 July 2014)*	2/2*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*	0/0*

(Mr. Neo Poh Kit resigned on 7 July 2014 and during his appointment, he attended two regular board meetings which were held on 13 March 2014 and 8 May 2014; Dr. Lau Reimer Mary Jean resigned on 7 July 2014 and during her appointment, she attended two regular board meetings which were held on 13 March 2014 and 8 May 2014; and Mr. Lee Sze Wai resigned on 7 July 2014 and during his appointment, he attended two regular board meetings which were held on 13 March 2014 and 8 May 2014.)

*Note for *:*

Mr. Chng Swee Ho was appointed on 17 March 2014. During his appointment, he attended three regular Board meetings which were held on 8 May 2014, 11 August 2014 and 11 November 2014.

Mr. Li Mingshan was appointed on 7 July 2014. During his appointment, he attended two regular Board meetings which were held on 11 August 2014 and 11 November 2014.

Mr. Li Gang was appointed on 17 November 2014. During his appointment, no regular Board meeting was he required to attend.

Mr. Wong Sai Hung was appointed on 17 March 2014. During his appointment, he attended three regular Board meetings which were held on 8 May 2014, 11 August 2014 and 11 November 2014.

Mr. Ge Ming was appointed on 18 September 2014. During his appointment, he attended one regular Board meeting which was held on 11 November 2014.

Mr. Peter Z Kuk was appointed on 7 July 2014. During his appointment, he attended a regular Board meeting which was held on 11 August 2014.

Mr. Wang Wei was appointed on 7 July 2014. During his appointment, he attended two regular Board meetings which were held on 11 August 2014 and 11 November 2014.

Dr. Wong, Kennedy Ying Ho was appointed on 16 February 2015. During his appointment, no regular Board meeting was he required to attend.

There were 25 additional full Board meetings held and attended by certain executive directors, non-executive directors and independent non-executive directors for normal course of business during the year. Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

All business transacted at the Board meetings and by written resolutions were well-documented. Minutes of the Board meetings and written resolutions are kept by the Company and are available to all Directors.

During the year ended 31 December 2014, the Annual General Meeting ("AGM") was held on 5 May 2014 and two Extraordinary General Meetings ("EGM") were held on 14 March 2014 and 15 December 2014. The attendance of each director is as follows:

		Number of general meetings attended/ Eligible to attend
Executive Directors		
Mr. Phang Yew Kiat	*(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*	3/3
Mr. Chng Swee Ho	*(Appointed on 17 March 2014)*	1/2*
Mr. Sheng Jia		2/3
Ms. Shen Li		2/3

(Mr. Shi Zhi Jun resigned on 17 March 2014 and during his appointment, he attended one EGM which was held on 14 March 2014; Mr. Ji Zu Guang resigned on 17 March 2014 and during his appointment, he attended one EGM which was held on 14 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014 and during his appointment, he did not attended the EGM which was held on 14 March 2014 and the AGM which held on 5 May 2014.)

Non-executive Directors		
Mr. Li Mingshan	*(Appointed as Chairman on 7 July 2014)*	0/1*
Mr. Li Gang	*(Appointed on 17 November 2014)*	1/1*
Mr. Wong Sai Hung	*(Appointed on 17 March 2014)*	1/2*
Independent Non-executive Directors		
Mr. Ge Ming	*(Appointed on 18 September 2014)*	1/1*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*	1/1*
Mr. Wang Wei	*(Appointed on 7 July 2014)*	1/1*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*	0/0*

(Mr. Neo Poh Kit resigned on 7 July 2014 and during his appointment, he attended one EGM which was held on 14 March 2014; Dr. Lau Reimer Mary Jean resigned on 7 July 2014 and during her appointment, she attended one EGM which was held on 14 March 2014 and one AGM which was held on 5 May 2014; and Mr. Lee Sze Wai resigned on 7 July 2014 and during his appointment, he attended one AGM which was held on 5 May 2014 and did not attend the EGM which was held on 14 March 2014.)

*Note for *:*

Mr. Chng Swee Ho was appointed on 17 March 2014. During his appointment, he attended the AGM which was held on 5 May 2014.

Mr. Li Mingshan was appointed on 7 July 2014. During his appointment, he did not attend the EGM which was held on 15 December 2014.

Mr. Li Gang was appointed on 17 November 2014. During his appointment, he attended the EGM which was held on 15 December 2014.

Mr. Wong Sai Hung was appointed on 17 March 2014. During his appointment, he attended the AGM which was held on 5 May 2014.

Mr. Ge Ming was appointed on 18 September 2014. During his appointment, he attended the EGM which was held on 15 December 2014.

Mr. Peter Z Kuk was appointed on 7 July 2014. During his appointment, he attended the EGM which was held on 15 December 2014.

Mr. Wang Wei was appointed on 7 July 2014. During his appointment, he attended the EGM which was held on 15 December 2014.

Dr. Wong, Kennedy Ying Ho was appointed on 16 February 2015. During his appointment, no AGM or EGM was he required to attend.

A.7 REQUIRED STANDARD OF DEALINGS

The Company has adopted its securities dealing code (the "Own Code") regarding directors' dealings in the Company's securities by the directors, senior personnel and certain employees of the Group (who are likely to be in possession of unpublished price sensitive information in relation to the Company or its securities) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). Specific enquiry has been made of the Company's directors and all of them have confirmed that they have complied with the required standards set out in the Required Standard of Dealings and the Own Code throughout the period from 1 January 2014 to 31 December 2014.

No incident of non-compliance of the Required Standard of Dealings and the Own Code by the directors and relevant employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

B. BOARD COMMITTEES

The Board has established four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. The Remuneration Committee, the Audit Committee, and the Nomination Committee have been established with defined written terms of reference, which are published on the Company's website and the Stock Exchange's website, or available to shareholders upon request. All the Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out in A.6.1 above.

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

B.1 EXECUTIVE COMMITTEE

The Executive Committee comprises all the executive directors of the Company with Mr. Phang Yew Kiat acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decision. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B.2 REMUNERATION COMMITTEE

The Remuneration Committee comprises a total of four members, namely, Mr. Wang Wei (Chairman), Mr. Ge Ming, Mr. Peter Z Kuk and Dr. Wong, Kennedy Ying Ho (appointed on 16 February 2015), all of whom are independent non-executive directors of the Company.

The principal duties of the Remuneration Committee are to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) make recommendations on the remuneration packages of executive directors and senior management; and (iii) review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2014 is set out below:

In the band of	Number of Individuals
Nil to HK$1,000,000	4
HK$1,000,001 to HK$2,000,000	0
HK$2,000,001 to HK$3,000,000	1
HK$3,000,001 to HK$4,000,000	0
Over HK$4,000,000	0

Details of the remuneration of each director of the Company for the year ended 31 December 2014 are set out in note 13 to the financial statements contained in this annual report.

Up to the date of this annual report, the Remuneration Committee met three times and performed the following major tasks:

– To review and make recommendation on the payment of a year-end bonus and special bonus to the directors and senior management of the Group; and

– To review and make recommendation on the current remuneration package of directors and senior management of the Group.

During the year ended 31 December 2014, the attendance of each member of the Remuneration Committee is as follows:

		Number of meetings attended/ Eligible to attend
Mr. Wang Wei	*(Appointed as Chairman on 7 July 2014)*	1/1*
Mr. Ge Ming	*(Appointed on 18 September 2014)*	1/1*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*	0/1*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*	0/0*

(Mr. Neo Poh Kit resigned on 7 July 2014 and during his appointment, he attended two meetings which were held on 1 March 2014 and 13 March 2014; Dr. Lau Reimer Mary Jean resigned on 7 July 2014 and during her appointment, she attended two meetings which were held on 1 March 2014 and 13 March 2014; and Mr. Lee Sze Wai resigned on 7 July 2014 and during his appointment, he attended two meetings which were held on 1 March 2014 and 13 March 2014.)

*Note for *:*

Mr. Wang Wei was appointed on 7 July 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Mr. Ge Ming was appointed on 18 September 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Mr. Peter Z Kuk was appointed on 7 July 2014. During his appointment, he did not attend the meeting which was held on 11 November 2014.

Dr. Wong, Kennedy Ying Ho was appointed on 16 February 2015. During his appointment, no meeting was he required to attend.

The terms of reference of the Remuneration Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

B.3 AUDIT COMMITTEE

The Audit Committee comprises a total of four members, namely, Mr. Ge Ming (Chairman), Mr. Peter Z Kuk, Mr. Wang Wei and Dr. Wong, Kennedy Ying Ho (appointed on 16 February 2015), all of whom are independent non-executive directors of the Company. The Chairman of the Audit Committee also possesses the appropriate accounting and financial management expertise as required under Rule 5.28 of the GEM Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The principal duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or external auditor before submission to the Board; (ii) review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, reappointment and removal of external auditor; and (iii) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the financial year ended 31 December 2014, the Audit Committee met four times of which one of the meetings were also with the presence of the external auditor and the senior management of the Company and performed the following major tasks:

– Review and discussion of the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review and discussion of the internal control system of the Group;

– Discussion and recommendation of the re-appointment of external auditor; and

– Review of the Company's continuing connected transactions for the year ended 31 December 2014 pursuant to the GEM Listing Rules.

During the year ended 31 December 2014, the attendance of each member of the Audit Committee is as follows:

		Number of meetings attended/ Eligible to attend
Mr. Ge Ming	*(Appointed as Chairman on 18 September 2014)*	1/1*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*	1/2*
Mr. Wang Wei	*(Appointed on 7 July 2014)*	2/2*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*	0/0*

(Mr. Neo Poh Kit resigned on 7 July 2014 and during his appointment, he attended two meetings which were held on 13 March 2014 and 8 May 2014; Dr. Lau Reimer Mary Jean resigned on 7 July 2014 and during her appointment, she attended two meetings which were held on 13 March 2014 and 8 May 2014; and Mr. Lee Sze Wai resigned on 7 July 2014 and during his appointment, he attended two meetings which were held on 13 March 2014 and 8 May 2014.)

*Note for *:*

Mr. Ge Ming was appointed on 18 September 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Mr. Peter Z Kuk was appointed on 7 July 2014. During his appointment, he attended one meeting which was held on 11 August 2014.

Mr. Wang Wei was appointed on 7 July 2014. During his appointment, he attended two meetings which was held on 11 August 2014 and 11 November 2014.

Dr. Wong, Kennedy Ying Ho was appointed on 16 February 2015. During his appointment, no meeting was he required to attend.

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

The terms of reference of the Audit Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

B.4 NOMINATION COMMITTEE

Pursuant to the CG Code, the Company has established the Nomination Committee which comprises a total of four members, namely, Mr. Peter Z Kuk (Chairman), Mr. Ge Ming, Mr. Wang Wei and Dr. Wong, Kennedy Ying Ho (appointed on 16 February 2015), all of whom are independent non-executive directors of the Company.

The principal duties of the Nomination Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of independent non-executive directors.

During the financial year ended 31 December 2014, the Nomination Committee met two times and performed the following major tasks:

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing independent non-executive directors; and

– Recommendation on the re-appointment of retiring directors at the 2015 annual general meeting of the Company pursuant to the Articles of Association.

During the year ended 31 December 2014, the attendance of each member of the Nomination Committee is as follows:

		Number of meetings attended/ Eligible to attend
Mr. Peter Z Kuk	*(Appointed as Chairman on 7 July 2014)*	1/1*
Mr. Ge Ming	*(Appointed on 18 September 2014)*	1/1*
Mr. Wang Wei	*(Appointed on 7 July 2014)*	1/1*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*	0/0*

(Mr. Neo Poh Kit resigned on 7 July 2014 and during his appointment, he attended one meeting which was held on 13 March 2014; Dr. Lau Reimer Mary Jean resigned on 7 July 2014 and during her appointment, she attended one meeting which was held on 13 March 2014; and Mr. Lee Sze Wai resigned on 7 July 2014 and during his appointment, he attended one meeting which was held on 13 March 2014.)

*Note for *:*

Mr. Peter Z Kuk was appointed on 7 July 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Mr. Ge Ming was appointed on 18 September 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Mr. Wang Wei was appointed on 7 July 2014. During his appointment, he attended one meeting which was held on 11 November 2014.

Dr. Wong, Kennedy Ying Ho was appointed on 16 February 2015. During his appointment, no meeting was he required to attend.

The terms of reference of the Nomination Committee setting out its role and responsibilities are available on the Stock Exchange's website and the Company's website.

C. BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy on 13 March 2014 which sets out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

D. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2014.

The Board is responsible for presenting a balanced, clear and understandable assessment of quarterly, interim and annual reports, price sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

E. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system to safeguard the interests of the Company's shareholders and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Group for the year ended 31 December 2014. The senior management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Board and the Audit Committee on any findings and measures to address the variances and identified risks.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on their reporting responsibilities for the Group's financial statements for the year ended 31 December 2014 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to SHINEWING (HK) CPA Limited, the Company's auditor, in respect of audit services and non-audit services for the year ended 31 December 2014 are analyzed below:–

Type of services provided by the external auditor	Fees paid/payable
Audit services	HK$1,350,000
Non-audit services (including taxation and internal audit engagement)	HK$1,431,000
TOTAL:	HK$2,781,000

G. CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance duties including:

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

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

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

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

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

During the year and up to the date of this report, the Board has reviewed and performed the said (a), (b), (c) and (e) corporate governance functions.

H. SHAREHOLDERS' RIGHTS

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, various rights of shareholders, including the right to propose resolutions, are contained in the Articles of Association.

The summary of certain rights of the shareholders are disclosed below:–

Procedures for convening extraordinary general meetings and putting forward proposals at general meetings

Each general meeting other than an annual general meeting shall be called an extraordinary general meeting. General meetings may be held in any part of the world as may be determined by the Board. According to Article 58 of the Company's Articles of Association, any one or more members 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, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Any requisition to convene an extraordinary general meeting or proposal to be put forward at the general meeting can be addressed to the principal place of business in Hong Kong of the Company marked with the attention of the Company Secretary. The requisitionists must state in their request(s) the objects of the extraordinary general meeting to be convened, and such request must be signed by all the requisitionists. Upon receipt, the Company will verify the requisitionists' particulars and if the request is in order, the Company will convene the extraordinary general meeting in accordance with the Articles of Association.

Procedures for propose a person for election as a Director

The procedures for proposing a person for election as a Director are posted under the Investor Relations section of the Company's website at www.creditchina.hk.

I. COMMUNICATIONS WITH SHAREHOLDERS

The Board believes that a transparent and timely disclosure of the Group's information will enable shareholders and investors to make the best investment decision and to have better understanding on the Group's business performance and strategies. It is also vital for developing and maintaining continuing investor relations with the Company's potential and existing investors.

The Company maintains a website at "www.creditchina.hk" as a communication platform with shareholders and investors, where the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited and for other enquiries, shareholders and investors may also write directly to the Company's principal place of business in Hong Kong at Rooms 3533-39, Level 35, Two Pacific Place, 88 Queensway, Hong Kong or via email to "ir@creditchina.hk" for any inquiries. Inquiries are dealt with in an informative and timely manner.

The Board considers that general meetings of the Company provide an important channel for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Board committees will endeavor to be available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

J. COMPANY SECRETARY

The Company Secretary of the Company (the "Company Secretary"), Ms. Kuo Kwan (who is the Chief Financial Officer of the Company) resigned on 7 July 2014, and Mr. Kwok Siu Man ("Mr. Kwok") was appointed as the Company Secretary with effect from 7 July 2014. All directors have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

Mr. Kwok was nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") to assume such office and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. Kwok has been contacting in respect of company secretarial matters is Ms. Lau Sim, the Group's Financial Controller and the Company's Head of Compliance.

As Mr. Kwok was first appointed the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at substantial times since then, he was not required to have at least 15 hours of relevant continuous professional development training for the year under the Listing Rules.

K. INSIDE INFORMATION

With respect to the procedures and internal controls for the handling and dissemination of price-sensitive information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission.

L. CONSTITUTIONAL DOCUMENTS

During the year, there is no change in the Company's constitutional document.

Report of the Directors

The board of directors of the Company (the "Board") is pleased to present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2014 (the "Year").

PRINCIPAL ACTIVITIES

The Company acts as an investment company. The principal activities of the Company's subsidiaries are the provision of traditional financing services and related financing consultancy services including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service, mircofinance service, and internet financing services including online third party payment services, P2P loan services and related activities on loan portfolio management.

RESULTS AND DIVIDENDS

The Group's results for the Year and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 77 to 251.

The Board recommends the payment of a final dividend of HK0.46 cents (or equivalent to RMB0.36 cents) per ordinary share of the Company for the Year (2013: HK1.21 cents), to the shareholders of the Company (the "Shareholders") whose names are on the register of members on Tuesday, 26 May 2015, subject to the approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 11 May 2015 (the "Annual General Meeting") and compliance with the laws of the Cayman Islands and other relevant rules and regulations.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any Shareholder has waived or agreed to waive any dividend proposed to be distributed for the Year.

CLOSURE OF REGISTER OF MEMBERS

The Annual General Meeting is scheduled for Monday, 11 May 2015. For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 8 May 2015 to Monday, 11 May 2015, both days inclusive, during which period no transfer of shares of the Company (the "Shares") will be effected. In order to qualify for attending and voting at the Annual General Meeting, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 7 May 2015.

CLOSURE OF REGISTER OF MEMBERS (continued)

The proposed final dividend is subject to the passing of an ordinary resolution by the Shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is Tuesday, 26 May 2015. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 22 May 2015 to Tuesday, 26 May 2015, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the proposed final dividend, all share transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, for registration not later than 4:30 p.m. on Thursday, 21 May 2015. The payment of final dividend will be made on or about Friday, 5 June 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five years is set out in the financial summary on page 252 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in note 36 to the consolidated financial statements.

ISSUE OF EQUITY SECURITIES

The Company allotted and issued 200,000,000 ordinary shares on 31 March 2014 by way of placing and raised gross proceeds of approximately RMB127.0 million to provide the Group with additional funds to business expansion and general working capital purpose.

ISSUE OF EQUITY SECURITIES (continued)

In order to satisfy the need of the Group in further expansion of its existing finance business with higher financial flexibility and healthy capital position, the Company entered into subscription agreements with two independent third parties, namely Zelester International Limited ("Zelester"), a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment activities and Grandaccum Limited ("Grandaccum"), a company incorporated in Hong Kong with limited liability and is principally engaged in trading and investment activities to allot and issue 100,000,000 ordinary shares of HK$0.10 each to each of them on 21 January 2014 and 14 February 2014, respectively. The total aggregate nominal value of the subscription shares for the above two subscriptions is HK$20 million, presenting HK$10 million to each subscriber.

The subscription price of HK$0.80 per subscription share for Zelester represents a discount of approximately 13.04% to the closing price of HK$0.92 per share as quoted on the Stock Exchange on the date of the subscription agreement on 21 January 2014 (the "Second Subscription Agreement") and a discount of approximately 3.38% to the average closing price of HK$0.828 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Second Subscription Agreement; The subscription price of HK$0.80 per subscription share for Grandaccum represents a discount of approximately 15.79% to the closing price of HK$0.95 per share as quoted on the Stock Exchange on the date of the subscription agreement on 14 February 2014 (the "Subscription Agreement") and a discount of approximately 11.89% to the average closing price of HK$0.908 per share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement.

The subscriptions were successfully completed on 21 March 2014. The gross proceeds of the subscription was HK$160 million. The net proceeds of the subscriptions, after deducting professional fees and other related expenses, was approximately HK$159 million, and the net issue price per subscription share was approximately HK$0.795. The net proceeds arising from the subscription was used for diversification of financing services, payment of corporate bond interest and bank loan interest, expansion of existing finance business and general working capital of the Company. For details, please refer to the circular dated on 26 February 2014.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the Year are set out in note 17 to the consolidated financial statement.

INVESTMENT PROPERTY

The Group revalued its investment property at year end date. Revaluation surplus amounted to RMB10,239,000 during the Year (2013: RMB75,677,000). Details of such revaluation are set out in note 19 to the consolidated financial statements.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company and the Group as at 31 December 2014 are set out in note 32 to the consolidated financial statements.

RESERVE

Details of movements in the reserves of the Company and the Group during the Year are set out in note 45(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2014, the Company's reserves available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately RMB577.4 million (2013: RMB487.4 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the Year, the percentage of revenue attributable to the Group's major customers is set out below:

Revenue	
– The largest customer	18.2%
– The total of the five largest customers	37.0%

Due to the nature of the activities of the Group as a financial services provider, there is no major supplier contributed significantly in the Group's purchases.

As far as the Directors are aware, neither the Directors nor their close associates nor any Shareholders (which to the knowledge of Directors own more than 5% of the Company's issued share capital) had any interest in the five largest customers and suppliers of the Group.

DIRECTORS

The directors of the Company (the "Directors") during the Year and up to the date of this report are named as follows:

Executive Directors

Mr. Phang Yew Kiat	*(Appointed as Co-Chairman on 17 March 2014 and ceased to act as Co-Chairman and appointed as Vice-Chairman and Chief Executive Officer on 7 July 2014)*
Mr. Chng Swee Ho	*(Appointed on 17 March 2014)*
Mr. Sheng Jia	
Ms. Shen Li	

(Mr. Shi Zhi Jun and Mr. Ji Zu Guang resigned on 17 March 2014; and Mr. Ting Pang Wan, Raymond resigned on 7 July 2014)

Non-executive Directors (the "NEDs")

Mr. Li Mingshan	*(Appointed as Chairman on 7 July 2014)*
Mr. Li Gang	*(Appointed on 17 November 2014)*
Mr. Wong Sai Hung	*(Appointed on 17 March 2014)*

Independent Non-executive Directors (the "INEDs")

Mr. Ge Ming	*(Appointed on 18 September 2014)*
Mr. Peter Z Kuk	*(Appointed on 7 July 2014)*
Mr. Wang Wei	*(Appointed on 7 July 2014)*
Dr. Wong, Kennedy Ying Ho	*(Appointed on 16 February 2015)*

(Mr. Neo Poh Kiat, Dr. Lau Reimer Mary Jean and Mr. Lee Sze Wai resigned on 7 July 2014)

In accordance with Article 83(3) of the Articles of Association, Mr. Li Mingshan, Mr. Li Gang, Mr. Ge Ming, Mr. Peter Z Kuk, Mr. Wang Wei and Dr. Wong, Kennedy Ying Ho would retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-election.

In accordance with Article 84(1) and 84(2) of the Articles of Association, Mr. Chng Swee Ho and Mr. Wong Sai Hung would retire by rotation and, being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 17 to 24 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years and renewable automatically for successive terms for one year unless and until (i) terminated by either party thereto giving not less than three months' prior written notice, with the last day of the notice falling on the last day of the initial term or any time thereafter; or (ii) the executive Director not being re-elected as a Director or being removed by Shareholders at general meeting of the Company in accordance with the Articles of Association.

Each of the NEDs (other than Mr. Wong Sai Hung) and each of the INEDs were appointed for a fixed term of three years and shall be subject to retirement, re-election and removal in accordance with the Articles of Association.

Mr. Wong Sai Hung, a NED, was first appointed for a fixed term of one year commencing on 17 March 2014. His appointment was renewed for a fixed term of three years on 17 March 2015 and he shall be subject to retirement, re-election and removal in accordance with the Articles of Association.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

The Directors' fees are subject to Shareholders' approval at general meeting every year. Other emoluments are determined by the Board by reference to the Directors' duties, responsibilities and performance and the results of the Group.

Details of the emoluments of the Directors and five individuals with the highest emoluments are set out in notes 13 and 14 to the consolidated financial statements, respectively.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in Note 38 to the consolidated financial statements.

COMPETING INTEREST OF DIRECTORS

For the Year, the Directors were not aware of any business or interest of the Directors, the controlling Shareholder and their respective close associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which were required; (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION (continued)

Interests in Shares and the underlying Shares of the Company

Name of Directors/ Chief executive	Capacity/Nature of interests	Number of Ordinary Shares/ underlying Shares Interested	*Note*	Total interests	Approximate percentage of the Company's issued Shares*
Mr. Phang Yew Kiat	Beneficial owner	10,000,000	*1*	10,000,000	0.31%
Mr. Chng Swee Ho	Beneficial owner	3,000,000	*1*	3,000,000	0.09%
Mr. Sheng Jia	Beneficial owner	3,000,000	*1*	3,080,000	0.09%
	Family interest	80,000	*2*		
Mr. Li Gang	Beneficial owner	2,000,000	*1*	2,000,000	0.06%
Mr. Wong Sai Hung	Beneficial owner	2,000,000	*1*	2,000,000	0.06%
Mr. Ge Ming	Beneficial owner	1,000,000	*1*	1,000,000	0.03%
Mr. Peter Z Kuk	Beneficial owner	1,000,000	*1*	1,000,000	0.03%
Mr. Wang Wei	Beneficial owner	1,000,000	*1*	1,000,000	0.03%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATIONS (continued)

Interests in Shares and the underlying Shares of the Company (continued)

Notes:

1. *These interests represent the share options granted by the Company on 11 December 2014.*

2. *These interests represent Shares held by Ms. Hu Haichen, the wife of Mr. Sheng Jia. Therefore, Mr. Sheng Jia was deemed to be interested in these Shares under SFO.*

3. *For information purposes:*

   (a) *Mr. Peter Z Kuk also acquired 1,000,000 Shares on 2 January 2015 at HK$1.75 per Share, and together with his interests in the share options granted by the Company, representing 0.06% of the issued Shares as at the date of printing this annual report (i.e. 3,221,156,000 shares).*

   (b) *Mr. Wang Wei also acquired 500,000 Shares on 7 January 2015 at HK$1.77 per Share, and together with his interests in the share options granted by the Company, representing 0.05% of the issued Shares as at the date of printing this annual report (i.e. 3,221,156,000 Shares);*

4. *All interests stated above are long positions.*

* *The percentage represents the number of underlying Shares interested divided by the number of issued Shares as at 31 December 2014 (i.e. 3,221,156,000 Shares).*

Details of the above share options granted by the Company are set out under the heading "Share Option Scheme" below.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN THE SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATIONS (continued)

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

As at 31 December 2014, so far as is known to the Directors, the following persons and entities, other than the Directors and the chief executive of the Company, had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Interests in Shares – Long Position

Name of substantial shareholder	Capacity/ Nature of interests	Number of Shares interested	*Notes*	Total Interests	Approximate percentage of the Company's issued Shares
First Pay Limited ("First Pay")	Beneficial owner	677,800,000		677,800,000	21.04%
Mr. Zhang Zhenxin ("Mr. Zhang")	Beneficial owner	21,736,000		717,536,000	22.28%
	Interest in a controlled corporation	677,800,000	*1*		
	Family interest	18,000,000	*3*		

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Shares – Long Position (continued)

Name of substantial shareholder	Capacity/ Nature of interests	Number of Shares interested	*Notes*	Total Interests	Approximate percentage of the Company's issued Shares
Ms. Zhang Xiaomin ("Ms. Zhang")	Beneficial owner	18,000,000		717,536,000	22.28%
	Family interest	699,536,000	*1, 2*		
Silver Paragon Limited	Beneficial owner	271,790,000		271,790,000	8.44%
Ms. So Naoko ("Ms. So")	Interest in a controlled corporation	271,790,000	*4*	271,790,000	8.44%
Jiefang Media (UK) Co. Limited ("Jiefang Media")	Beneficial owner	336,222,400		336,222,400	10.44%
Shanghai Xinhua Publishing Group Limited ("Xinhua Publishing")	Interest in a controlled corporation	336,222,400	*5*	336,222,400	10.44%
Jiefang Daily Group ("Jiefang Group")	Interest in controlled corporations	336,222,400	*5*	336,222,400	10.44%
Shanghai Greenland Group Company Limited ("Greenland Group")	Interest in controlled corporations	336,222,400	*5*	336,222,400	10.44%
Kaiser Capital Holdings Limited ("Kaiser Capital")	Beneficial owner	321,010,000		321,010,000	9.97%

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Shares – Long Position (continued)

Name of substantial shareholder	Capacity/ Nature of interests	Number of Shares interested	*Notes*	Total Interests	Approximate percentage of the Company's issued Shares
Mr. Ting Pang Wan, Raymond ("Mr. Ting")	Beneficial owner	20,490,000		355,990,000	11.05%
	Interest in a controlled corporation	321,010,000	*6*		
	Physically settled option	14,490,000			
Integrated Asset Management (Asia) Limited ("Integrated Asset")	Beneficial owner	225,925,600		225,925,600	7.01%
Mr. Yam Tak Cheung ("Mr. Yam")	Interest in a controlled corporation	225,925,600	*7*	225,925,600	7.01%

Notes:

(1) These Shares were held by First Pay, the entire issued share capital of which was owned by Mr. Zhang. Therefore, Mr. Zhang was deemed to be interested in these shares under the SFO.

(2) These Shares were held or deemed to be held by Mr. Zhang who is the husband of Ms. Zhang. Therefore, Ms. Zhang was deemed to be interested in these shares under the SFO.

(3) These Shares were held by Ms. Zhang who is the wife of Mr. Zhang. Therefore, Mr. Zhang was deemed to be interested in these shares under the SFO.

(4) These Shares were held by Silver Paragon Limited, the entire issued share capital of which was owned by Ms. So. Therefore, Ms. So was deemed to be interested in these shares under the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Interests in Shares – Long Position (continued)

Notes: (continued)

(5) These Shares were held by Jiefang Media. Jiefang Media was wholly-owned by Xinhua Publishing which was in turn owned by Jiefang Group and its associates as to approximately 50.8% and Greenland Group as to approximately 39%. Therefore, under the SFO, Xinhua Publishing was deemed to be interested in all the shares held by Jiefang Media, and each of Jiefang Group and Greenland Group was deemed to be interested in all the shares which Xinhua Publishing was deemed to be interested in.

(6) These Shares were held by Kaiser Capital, the entire issued share capital of which was owned by Mr. Ting. Therefore, Mr. Ting was deemed to be interested in these shares under the SFO.

(7) These Shares were held by Integrated Asset, the entire issued share capital of which was owned by Mr. Yam. Therefore, Mr. Yam was deemed to be interested in these shares under the SFO.

* *The percentage represents the number of Shares interested divided by the number of issued Shares as at 31 December 2014 (i.e. 3,221,156,000 Shares).*

Save as disclosed above, as at 31 December 2014, according to the register required to be kept by the Company under section 336 of the SFO, there was no person or entity who/which had any interest or short position in the shares or underlying shares of the Company, which would fall to be disclosed to the Company under the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders on 4 November 2010 for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and/or enabling the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Eligible participants of the Share Option Scheme include the Directors, independent non-executive Directors, employees of the Group, customers of the Group, consultants, advisers, managers, officers or entities that provide research, development or other technological support to the Group.

On 11 December 2014, the board of directors of the Company granted 193,800,000 share options to grantees which under the Company's Share Option Scheme which was adopted on 4 November 2010. Among the 193,800,000 share options granted, 23,000,000 share options were granted to the directors.

SHARE OPTION SCHEME (continued)

Details of movements of the share options granted under the Share Option Scheme for the Year were as follows:

					Number of underlying shares comprised in the options					
Category	Date of grant	Exercise period	Exercise price per share *HK$*	Weighted average closing price *HK$*	As at 1 January 2014	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	As at 31 December 2014
Directors										
Ms. Shen Li	12 July 2013	12 April 2014 to 11 July 2018	0.74	1.65	3,500,000(4)	–	(3,500,000)	–	–	–
Mr. Phang Yew Kiat	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	10,000,000(6)	–	–	–	10,000,000
Mr. Chng Swee Ho	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	3,000,000(6)	–	–	–	3,000,000
Mr. Sheng Jia	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	3,000,000(6)	–	–	–	3,000,000
Mr. Li Gang	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	2,000,000(6)	–	–	–	2,000,000
Mr. Wong Sai Hung	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	2,000,000(6)	–	–	–	2,000,000
Mr. Ge Ming	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	1,000,000(6)	–	–	–	1,000,000
Mr. Peter Z Kuk	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	1,000,000(6)	–	–	–	1,000,000
Mr. Wang Wei	11 December 2014	11 December 2015 to 10 December 2024	1.814	-	-	1,000,000(6)	–	–	–	1,000,000

SHARE OPTION SCHEME (continued)

Category	Date of grant	Exercise period	Exercise price per share *HK$*	Weighted average closing price *HK$*	Number of underlying shares comprised in the options: As at 1 January 2014	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	As at 31 December 2014
<u>Former Directors</u>										
Mr. Ting Pang Wan, Raymond	12 July 2013	12 April 2014 to 11 July 2018	0.74	–	14,490,000(4)	–	–	–	–	14,490,000
Mr. Neo Poh Kiat	4 April 2011	4 January 2012 to 3 April 2016	1.0050(5)	1.81	600,000(2)(5)	–	(600,000)	–	–	–
	12 July 2013	12 April 2014 to 11 July 2018	0.74	1.81	200,000(4)	–	(200,000)	–	–	–
Dr. Lau Reimer Mary Jean	4 April 2011	4 January 2012 to 3 April 2016	1.0050(5)	2.14	600,000(2)(5)	–	(600,000)	–	–	–
	12 July 2013	12 April 2014 to 11 July 2018	0.74	1.41	200,000(4)	–	(200,000)	–	–	–
Mr. Lee Sze Wai	4 April 2011	4 January 2012 to 3 April 2016	1.0050(5)	1.88	600,000(2)(5)	–	(600,000)	–	–	–
	12 July 2013	12 April 2014 to 11 July 2018	0.74	1.74	200,000(4)	–	(200,000)	–	–	–
					20,390,000	23,000,000	(5,900,000)	–	–	37,490,000
<u>Employees (in aggregate)</u>	11 December 2014	11 December 2015 to 10 December 2024	1.814	–	–	39,300,000	–	–	–	39,300,000
<u>Former Employees (in aggregate)</u>	4 April 2011	4 January 2012 to 3 April 2016	1.0050(5)	1.76	2,484,000(2)(5)	–	(2,196,000)	–	(288,000)	–
	12 July 2013	12 April 2014 to 11 July 2018	0.74	1.61	16,830,000(4)	–	(15,620,000)	–	(710,000)	500,000
					19,314,000	39,300,000	(17,816,000)	–	(998,000)	39,800,000
<u>Consultant</u>	11 December 2014	11 December 2015 to 10 December 2024	1.814	–	–	131,500,000	–	–	–	131,500,000
<u>Former Consultant</u>	4 April 2011	4 January 2012 to 3 April 2016	1.0050(5)	1.87	39,840,000(2)(5)	–	(39,840,000)	–	–	–
	27 September 2011	27 March 2012 to 26 September 2016	0.4725	2.07	14,000,000(3)(5)	–	(14,000,000)	–	–	–
					53,840,000	131,500,000	(53,840,000)	–	–	131,500,000
Total					93,544,000	193,800,000	(77,556,000)	–	(998,000)	208,790,000

SHARE OPTION SCHEME (continued)

Notes:

(1) The vesting period of the share options is from the date of grant until the commencement of the exercise period.

(2) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$1.21 per Share.

(3) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$0.485 per Share.

(4) The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$0.75 per Share.

(5) The exercise price of the outstanding options and the number of shares of the Company to be allotted and issued upon exercise in full of the subscription rights attaching to the outstanding options were adjusted with effect from 30 May 2012 as a result of the bonus issue of shares.

(6) The options are exercisable according to the following vesting schedule:

(i) one-fourth of the Options shall vest on 10 December 2015;

(i) one-fourth of the Options shall vest on 10 December 2016;

(iii) one-fourth of the Options shall vest on 10 December 2017; and

(iv) one-fourth of the Options shall vest on 10 December 2018.

The closing price of the shares of the Company immediately before the date on which the share options were granted was HK$1.79 per share.

SHARE OPTION SCHEME (continued)

There were 193,800,000 share options granted during the Year (2013: 37,300,000). Please refer to note 44 of the financial statements for details of the fair value of options granted in 2014.

The fair value of share options granted to directors and employees were calculated using the Binominal model for 2010 and Black-Scholes option pricing model for 2012 to 2014. The inputs into the model were as follows:

	4 November 2010	4 April 2011	12 July 2013	11 December 2014
Inputs into the model				
Exercise price	HK$0.3125	HK$1.206	HK$0.74	HK$1.814
Expected volatility	49.36%	44.61%	67.71%	41.71%-42.35%
Expected life	5 years	2.875 years	2.875 years	2-5 years
Expected dividend yield	2.32%	1.56%	2.095%	0.676%
Risk-free rate	1.02%	1.12%	0.507%	0.43%-1.237%

Expected volatility of the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme was determined by using the historical volatility of the share price of comparable companies and the Company respectively. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The fair values of share options granted to business associates were measured at the fair value of the services received.

The Group recognised the total expenses of approximately RMB4,790,000 for the Year (2013: RMB5,464,000) in relation to share options granted by the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year did the Directors and the chief executive of the Company (including their respective spouses and children under 18 years of age) have any interest in or exercise, or had been granted, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the Year was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

During the Year, the Group had the following continuing connected transactions which are subject to the reporting, annual review, announcement and independent shareholders' approval under Chapter 20 of the GEM Listing Rules.

1. Structure Contracts

Shanghai Yintong Dian Dang Company Limited（上海銀通典當有限公司）("Shanghai Yintong"), a limited liability company established in the PRC, has entered into the Structure Contracts ("Structure Contracts") with Lucky Target Property Consultants (Shanghai) Company Limited（峻岭物業顧問（上海）有限公司）("Lucky Consultants"), a limited liability company established in the PRC and an indirectly wholly-owned subsidiary of the Company and its equity holders, namely, Shanghai Jinhan Investment Development Limited（上海錦瀚投資發展有限公司）("Jinhan Investment"), a limited liability company established in the PRC and Xinrong Asset Management Limited（新融資產管理有限公司）("Xinrong Assset"), a limited liability company stablished in the PRC, pursuant to which all the business activities of Shanghai Yintong are managed by Lucky Consultants and all economic benefits and risks arising from the business of Shanghai Yintong are transferred to Lucky Consultants.

Jinhan Investment was wholly beneficially owned by Mr. Shi Zhi Jun (a former substantial shareholder of the Company) and Xinrong Asset was wholly-owned by Xinhua Publishing (a substantial shareholder of the Company). As Jinhan Investment and Xinrong Asset are connected persons of the Company within the meaning of the GEM Listing Rules, the transactions contemplated under the Structure Contracts are continuing connected transactions of the Company under the GEM Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

1. Structure Contracts (continued)

The following is a summary of the principal terms of the Structure Contracts:

(1) Management Agreement

On 25 February 2010, Jinhan Investment, Xinrong Asset, Shanghai Yintong and Lucky Consultants entered into a management agreement (the "Management Agreement"), pursuant to which Lucky Consultants agreed to manage and operate the secured financing business of Shanghai Yintong. Under the Management Agreement, Lucky Consultants is responsible for the management and operation of Shanghai Yintong.

Under the Management Agreement, Lucky Consultants shall assume all economic benefits and risks arising from the business of Shanghai Yintong. The revenue of Shanghai Yintong, after deducting all relevant costs and expenses (including taxes) shall be paid to Lucky Consultants after the accounts of Shanghai Yintong have been audited.

The term of the Management Agreement is 10 years commencing on 25 February 2010, and renewable at the request of Lucky Consultants.

(2) Pledge Agreement

On 25 February 2010, Jinhan Investment, Xinrong Asset, Shanghai Yintong and Lucky Consultants entered into a pledge agreement (the "Pledge Agreement"), pursuant to which Jinhan Investment and Xinrong Asset granted to Lucky Consultants a continuing first priority security interest over their respective equity interests in the registered capital of Shanghai Yintong (the "Pledged Securities"). The Pledged Securities represent the entire equity interests in the registered capital of Shanghai Yintong, and the entering into of the Pledge Agreement secures due performance of the contractual obligations by Jinhan Investment, Xinrong Asset and Shanghai Yintong under the Structure Contracts.

The Pledge Agreement is for a term commencing on 25 February 2010 and ending on the date of termination of the Management Agreement.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

2. Sub-tenancy Agreement and Master Agreement for Business Centre

(i) On 23 October 2014, the Company as sub-lessee entered into a sub-tenancy agreement with China UCF Group Co., Limited ('UCF') as sub-lessor in respect of the sub-tenancy of an office premises in Hong Kong at a monthly rent of HK$471,360 for the period commencing on 25 October 2014 and ending on 31 December 2016 (the "Sub-tenancy Agreement").

(ii) On 23 October 2014, Ever Step Holdings Limited, a wholly-owned subsidiary of the Company, entered into a master agreement for business centre with Beijing Fengchao Business Service Co., Ltd. ('Beijing Fengchao') in respect of the use of the business centres of Beijing Fengchao and other associates of Mr. Zhang Zhenxin (excluding the Group) from time to time ("Connected Group") by any member of the Group from time to time for the period commencing on 25 October 2014 and ending on 31 December 2016 (the "Master Agreement for Business Centre").

Mr. Zhang Zhenxin is a substantial shareholder of the Company. UCF, Beijing Fengchao and members of the Connected Group are associates of Mr. Zhang Zhenxin and hence connected persons of the Company. The transactions under the Sub-tenancy Agreement and the Master Agreement for Business Centre constitute continuing connected transactions for the Company pursuant to the GEM Listing Rules.

The maximum aggregate annual consideration for the above-said continuing connected transactions for the three years ending 31 December 2016 and the actual amounts of such transactions for the years are as follows:

	Caps for the three years ended/ ending 31 December			Approximate actual amounts for the year ended 31 December
	2014	2015	2016	2014
	RMB'000	RMB'000	RMB'000	RMB'000
I. Continuing connected transactions with UCF				
(a) Lease arrangements with UCF as sub-lessor (HKD'000)	1,052	5,656	5,656	1,049
II. Continuing connected transactions with Beijing Fengchao				
(b) Lease arrangements with Beijing Fengchao as lessor	3,200	6,500	8,000	2,772

For detailed information relating to the above transactions, please refer to the announcement issued by the Company on 23 October 2014.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION (continued)

The INEDs have reviewed the above continuing connected transactions and confirmed that:

i) in respect of the Structure Contracts, a) the transactions carried out during the year have been entered into in accordance with the relevant provisions of the Structure Contracts in the ordinary course of the Group's business on normal commercial terms or better and have been operated so that all revenue generated by Shanghai Yintong has been retained as management and operation fee by Lucky Consultants; b) no dividends or other distributions have been made by Shanghai Yintong to its equity interest holders; and c) any new contracts or renewed contracts have been entered into on the same terms as the existing Structure Contracts and are fair and reasonable so far as the Group is concerned and in the interest of the Shareholders as a whole.

ii) in respect of the Sub-tenancy Agreement and the Master Agreement for Business Centre, the transactions carried out during the year have been entered into a) in the ordinary and usual course of business of the Group; b) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Group than terms available to or from (as appropriate) independent third parties; and c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

With respect to the Structure Contracts, the Company does not have any present intention to exercise the option to acquire any or all of the equity interests in and/or assets of Shanghai Yintong from Jinhan Investment and/or Xinrong Asset.

The independent auditors of the Company have performed procedures on the continuing connected transactions and issued a letter to the Board to confirm that:

i) the disclosed continuing connected transactions have been approved by the Company's Board;

ii) for transactions involving the provisions of goods or services by the Group, they have found that the transactions were in accordance with the pricing policies of the Company;

iii) they have found that the transactions were entered into in accordance with the relevant agreements governing such transactions; and

iv) the disclosed continuing connected transactions have not exceed their respective caps.

CONNECTED PARTY TRANSACTIONS

The connected transactions between the Group and its associates during the Year are as follows:

On 6 May 2014, the Group acquired 80% equity interest in the registered capital of 上海鋒之行汽車金融信息服務有限公司 ("上海鋒之行"), at a consideration of RMB5,000,000 which was satisfied in cash. 上海鋒之行 is engaged in the development and operation of automobile financing products. The Vendor is 36.50% beneficially owned by Mr. Zhang Zhenxin, a substantial shareholder of the Company.

On 18 December 2014, the Group completed the disposed of 60.3% of the issued share capital of China Runking Financing Group Holdings Limited ("China Runking Group") at fair value of consideration of HK$192,698,000. Upon completion, the China Runking Group has ceased to be subsidiaries of the Company and its financial results will no longer be consolidated in the consolidated financial statements of the Group. The purchaser is wholly-owned by Mr. Ting and Mr. Ting is a substantial shareholder and a former executive Director and co-chairman (who resigned on 7 July 2014) of the Company. The above connected transactions are subject to the reporting, announcement requirements and independent shareholder's approval requirements under Chapter 20 of the GEM Listing Rules.

Subsequent to the year end 31 December 2014 and as at the date of this annul report, the Group has entered into or completed the following significant transactions:

(a) Acquisition of a 10% equity interest in First P2P Limited ("First P2P")

On 12 January 2015, Ever Step Holdings Limited ("Ever Step"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 10% equity interest in First P2P at a consideration of RMB50.0 million. The transaction was completed on 27 January 2015.

The principal business of First P2P is engaged in operating a P2P platform for internet financing with collaterised assets. The business is conducted via multiple channels, including a website (FirstP2P.com/網信理財) and a mobile application under the "First P2P" ("網信理財") brand.

CONNECTED PARTY TRANSACTIONS (continued)

(b) Acquisition of a 100% equity interest in Beijing Phoenix Credit Management Corporation ("Beijing Phoenix")

On 11 August 2014, Wanjun Hangzhou Venture Capital Management Company Limited ("Wanjun Hangzhou"), a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire a 100% equity interest in Beijing Phoenix through structured contracts at a consideration of RMB50.8 million. The transaction was completed on 28 January 2015.

The principal business of Beijing Phoenix is engaged in operating an online P2P lending business, which concentrates on financial assets, via a website (www.9888.cn 金融工場) under the brand name of Financial Workshop/金融工場.

Beijing Phoenix's existing shareholder is the nominee, whom holds 100% of its registered capital.

The Structured Contracts

(1) Exclusive Option Agreement

The nominee irrevocably agreed, to the extent permitted under the laws of the PRC, to transfer to Wanjun Hangzhou or any persons(s) designated by Wanjun Hangzhou at any time and from time to time, all or part of its equity interests in Beijing Phoenix, or all or part of the assets of Beijing Phoenix.

Wanjun Hangzhou may exercise its rights under the paragraph above at any time and in any manner at its sole discretion as permitted under the laws of the PRC. The exercise price of each of the rights under the paragraph above shall be RMB1 or the lowest price permitted under the laws of the PRC, subject to any other price as required by the PRC government authorities.

The nominee undertook that, among other things, it will not (i) amend the articles of association of Beijing Phoenix; (ii) increase or decrease the registered capital of Beijing Phoenix; (iii) transfer, mortgage, create any security interest or third party rights in its equity interests in Beijing Phoenix (save for the pledge under the Equity Pledge Agreement set out below); or (iv) appoint or remove any directors of Beijing Phoenix.

CONNECTED PARTY TRANSACTIONS (continued)

(b) Acquisition of a 100% equity interest in Beijing Phoenix Credit Management Corporation ("Beijing Phoenix") (continued)

The Structured Contracts (continued)

(2) Exclusive Consultancy and Services Agreement

Beijing Phoenix engaged Wanjun Hangzhou on an exclusive basis to provide consultancy services in connection with the business of Beijing Phoenix, including technology research and development, technology support, technology consultation, technology training and other related management and corporate consultation services.

In consideration of the provision of consultancy services, Beijing Phoenix will pay Wanjun Hangzhou a monthly service fee equivalent to 100% of the monthly net income of Beijing Phoenix. During the term of the Exclusive Consultancy and Services Agreement, Wanjun Hangzhou shall have the right to adjust the service fees at its sole discretion without the consent of Beijing Phoenix.

(3) Equity Pledge Agreement

The nominee(s) agreed to pledge all equity interests in Beijing Phoenix held by the nominee(s) (including present registered capital and its rights and benefits and any future registered capital and its rights and benefits acquired or held by the nominee(s) subsequent to the date of the Equity Pledge Agreement) to Wanjun Hangzhou, as continuing first priority collateral security for the performance of all payment obligations of the nominee(s) (including but not limited to those under the Exclusive Consultancy and Services Agreement and relevant interests, costs and expenses).

(4) Business Cooperation Agreement

Wanjun Hangzhou and Beijing Phoenix established a cooperation committee (the "Cooperation Committee"), and its composition and the appointment procedure of the committee chairman and members shall be the same as those of the Board. The functions of the Cooperation Committee include (1) supervision of daily business operation of Beijing Phoenix; (2) confirming and adjusting the service fees payable by Beijing Phoenix to Wanjun Hangzhou under the Exclusive Consultancy and Services Agreement; (3) supervision of the execution of the Business Cooperation Agreement and the Exclusive Consultancy and Services Agreement; and (4) formulating and making recommendations on principal and strategic operation issues of the business of Beijing Phoenix and Wanjun Hangzhou.

CONNECTED PARTY TRANSACTIONS (continued)

(b) Acquisition of a 100% equity interest in Beijing Phoenix Credit Management Corporation ("Beijing Phoenix") (continued)

The Structured Contracts (continued)

(5) Power of Attorney

The nominee(s), among other things, irrevocably authorised Wanjun Hangzhou or any members of the board of directors of Wanjun to Hangzhou and its respective successors or liquidators to act on its behalf all matters in relation to its equity interests in Beijing Phoenix, including attending shareholders' meeting, signing minutes of shareholders' meeting and shareholders' resolutions, exercising its full shareholder's rights under the articles of association of Beijing Phoenix and applicable PRC laws and regulations, including but not limited to shareholders' voting right, the right to sell, transfer, pledge or otherwise dispose of all or part of rights relating to its equity interest in Beijing Phoenix, appointing the legal representative, chairman, director, supervisor, managing director and other senior management of Beijing Phoenix, filing documents with the relevant companies registry and exercising the right to appropriate, use or otherwise dispose of the dividends declared by Beijing Phoenix.

There were no material changes to the structured contracts and/or the circumstances under which they were adopted, nor was there any unwinding of them or of a failure to do the same due to the restrictions that led to their adoption being removed.

Apart from foreign ownership restrictions, the structured contracts also relate to ICP licences. The Company understands it will be subject to more stringent requirements or additional requirements imposed by the Ministry of Industry and Information Technology of the PRC or its local counterparts (the "Relevant Authority") as compared to domestic enterprises in the PRC. As compared to domestic enterprises in the PRC, the Relevant Authority will require more information, documents and other proof from an applicant which is a foreign-owned enterprise in various aspects, such as the identity and nationality of its ultimate individual shareholders, its prior experience in operating value-added telecommunications businesses and a proven track record of its overseas business operations (collectively, the "Additional Information"). No criteria, standard, guidance or interpretation documents have been published by the Relevant Authority on how the Additional Information will be assessed, whether in qualitative or quantitative aspect, and on the extent or form of requirements of the Additional Information.

CONNECTED PARTY TRANSACTIONS (continued)

(b) Acquisition of a 100% equity interest in Beijing Phoenix Credit Management Corporation ("Beijing Phoenix") (continued)

The Structured Contracts (continued)

Due to the lack of clarity on how the requirements in respect of the Additional Information can be satisfied, an applicant like the Company will be unable to follow such requirements when applying for an ICP licence to the Relevant Authority, and hence there will be a prolonged process of application with unknown results. Hence, there exists great difficulty and uncertainty for the foreign-owned enterprises to apply for an ICP licence from the Relevant Authority in the PRC. Taking into account the above points, in order not to interrupt the daily operations of Beijing Phoenix, the Group had to adopt the structured contracts to own the entire equity interests of Beijing Phoenix.

In addition to the above regulatory point, the reasons for using the structured contracts together with the risks associated with them as well as actions taken by the Group to mitigate such risks were disclosed in the Company's announcements dated 11 August and 20 October 2014.

(c) Acquisition of a 49% equity interest in Hainan Pioneer Internet Microfinance Limited ("Hainan Pioneer")

On 11 August 2014, Wanjun Hangzhou entered into an acquisition agreement to acquire a 49% equity interest in Hainan Pioneer at a consideration of RMB49.0 million. The transaction was completed on 20 March 2015.

The principal businesses of Hainan Pioneer include not only providing financing services to small and medium-sized enterprises and individuals within the Hainan Province, the PRC, but has the license to offer small loans to enterprises and individuals nation-wide via internet, which differs from the traditional micro finance lending license which is limited in geographically.

(d) Disposal of remaining 15% equity interest in Measure Up International Limited ("Measure Up")

On 5 March 2015, Ever Step, a wholly-owned subsidiary of the company, entered into a sale and purchase agreement to dispose the remaining 15% equity interest in Measure Up at a consideration of RMB1.06 million. The transaction completed on 20 March 2015. Upon the completion, the Group ceased the operation of lease financing business.

RELATED PARTY TRANSACTIONS

Save for the transactions disclosed under "Non-exempt Continuing Connected Transactions" and "Connected Party Transactions", details of the related party transactions entered into by the Group are set out in note 42 to the consolidated financial statements, which do not constitute notifiable connected transactions under the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its shares listed and traded on the Stock Exchange, nor did the Company or any of its subsidiaries purchase or sell any of such shares during the year ended 31 December 2014.

MANAGEMENT CONTRACT

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the Year.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the INEDs to be independent.

CORPORATE GOVERNANCE

The Board is of the view that the Company has met the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 15 to the GEM Listing Rules except the following:

According to Rule 5.05A of the GEM Listing Rules, the Company must appoint independent non-executive directors (the "INEDs") representing at least one-third of the Board. Upon the appointment of Mr. Li Gang as a non-executive director of the company on 17 November 2014, the Board comprised ten directors, among whom three are INEDs, which fell below the one-third INED requirement under Rule 5.05A of the GEM Listing Rules. However, following the appointment of Dr. Wong, Kennedy Ying Ho as an INED of the Company on 16 February 2015, the Board comprises eleven directors and four of them are INEDs, which complies with the above INED requirement under the GEM Listing Rules.

A report on the principal corporate governance practices adopted by the Company is set out on pages 25 to 46 of the annual report.

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 Shares was held by the public throughout the Year end as at the date of this report.

REVIEW OF THE FINAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") comprises four members, namely Mr. Ge Ming (Chairman), Mr. Peter Z Kuk, Mr. Wang Wei and Dr. Wong, Kennedy Ying Ho, all of whom are INEDs.

The Group's audited consolidated financial statements for the Year and this annual report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the GEM Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

EVENT AFTER THE REPORTING PERIOD

Details of the significant events after the year end date of 31 December 2014 are set out in note 46 to the consolidated financial statements.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the Year have been audited by SHINEWING (HK) CPA Limited, who will retire and a resolution to re-appoint SHINEWING (HK) CPA Limited as the independent auditor of the Company will be proposed at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD

Phang Yew Kiat
Vice-Chairman and Chief Executive Officer

Hong Kong, 24 March 2015

Independent Auditor's Report

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF CREDIT CHINA HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Credit China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 77 to 251, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014 and of the Group's profit 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.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
24 March 2015

Consolidated Statement of Profit or Loss And Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Turnover	7	**374,068**	269,728
Interest income	7	**175,680**	146,276
Interest expenses	10	**(92,419)**	(37,822)
Net interest income		**83,261**	108,454
Financial consultancy service income	7	**66,597**	123,452
Online third party payment service income	7	**60,665**	–
Peer-to-peer loan service income	7	**24,822**	–
Gain on transfer of rights on interests on loan receivables	7	**46,304**	–
		281,649	231,906
Other income	9	**18,810**	20,492
Handling changes for online third party payment service		**(10,154)**	–
Administrative and other operating expenses		**(189,776)**	(113,213)
Loss on deemed disposal of subsidiaries	41	**–**	(1,525)
Gain on disposal of subsidiaries	40	**6,068**	–
Loss on disposal of joint ventures	24	**(56)**	–
Change in fair value of investment property		**10,239**	75,677
Change in fair value of derivative and embedded derivative components of convertible bond		**394**	(420)
Change in fair value of contingent consideration receivable		**(8,452)**	(468)
Share-based payment expenses		**(4,790)**	(5,464)
Share of results of associates		**(672)**	(1,960)
Share of results of joint ventures		**(1,945)**	1,508
Profit before tax	11	**101,315**	206,533
Income tax	12	**(35,057)**	(51,768)
Profit for the year		**66,258**	154,765

	Note	2014 RMB'000	2013 RMB'000
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(3,020)**	(2,308)
Change in fair value of available-for-sale investments		**(1,334)**	(754)
Other comprehensive expense for the year, net of income tax		**(4,354)**	(3,062)
Total comprehensive income for the year		**61,904**	151,703
Profit for the year attributable to:			
Owners of the Company		**58,194**	141,247
Non-controlling interests		**8,064**	13,518
		66,258	154,765
Total comprehensive income for the year attributable to:			
Owners of the Company		**56,384**	137,872
Non-controlling interests		**5,520**	13,831
		61,904	151,703
		RMB	RMB
Earnings per share	16		
Basic		**1.85 cents**	5.78 cents
Diluted		**1.84 cents**	5.69 cents

Consolidated Statement of Financial Position

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Plant and equipment	17	**13,817**	15,014
Club membership	18	**737**	–
Investment property	19	**575,000**	513,000
Intangible assets	20	**136,310**	135,835
Goodwill	21	**43,214**	37,820
Available-for-sale investments	22	**1,125**	1,125
Loan receivables	26	**–**	157,141
Contingent consideration receivable	39	**–**	8,452
Pledged bank deposits	30	**–**	30,008
Interests in associates	23	**353**	1,025
Interests in joint ventures	24	**6,230**	2,817
		776,786	902,237
Current assets			
Available-for-sale investments	22	**33,055**	32,675
Trade receivables	25	**17,793**	–
Loan receivables	26	**862,842**	843,815
Prepayments and other receivables	26	**183,536**	44,738
Amounts due from joint ventures	24	**5,196**	55,089
Amounts due from associates	23	**–**	525
Amounts due from related companies	27	**186,747**	172,824
Amounts due from non-controlling shareholders	28	**4,001**	–
Income tax recoverable		**520**	57
Pledged bank deposits	30	**30,008**	–
Bank balance – trust account	29	**305,728**	–
Bank balances and cash	30	**265,515**	259,591
		1,894,941	1,409,314
Current liabilities			
Accruals and other payables	31	**161,076**	34,451
Funds payables and amounts due to customers	29	**305,728**	–
Amounts due to non-controlling shareholders	28	**714**	1,173
Amounts due to related companies	27	**207,865**	179,327
Borrowings	32	**288,379**	434,041
Financial assets sold under repurchase agreement	33	**–**	29,914
Derivatives embedded in convertible bond	22	**–**	392
Corporate bonds	35	**–**	255,611
Income tax payables		**6,525**	7,989
		970,287	942,898
Net current assets		**924,654**	466,416
Total assets less current liabilities		**1,701,440**	1,368,653

	Notes	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Corporate bonds	35	**203,818**	–
Deferred tax liabilities	34	**78,194**	74,228
		282,012	74,228
Net assets		**1,419,428**	1,294,425
Capital and reserves			
Share capital	36	**267,736**	245,773
Reserves		**1,138,059**	948,362
Equity attributable to owners of the Company		**1,405,795**	1,194,135
Non-controlling interests		**13,633**	100,290
Total equity		**1,419,428**	1,294,425

The consolidated financial statements on pages 77 to 251 were approved and authorised for issue by the board of directors on 24 March 2015 and are signed on its behalf by:

Mr. Phang Yew Kiat
Director

Mr. Sheng Jia
Director

Consolidated Statement of Changes In Equity

For the year ended 31 December 2014

	Attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000 *(Note (a))*	Statutory reserve RMB'000 *(Note (b))*	Retained profits RMB'000	Investment revaluation reserve RMB'000 *(Note (c))*	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Capital Reserve RMB'000 *(Note (d))*	Special reserve RMB'000 *(Note (e))*	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	180,649	206,702	14,470	327,244	2,156	(1,071)	25,968	(52,256)	40,000	743,862	13,169	757,031
Profit for the year	–	–	–	141,247	–	–	–	–	–	141,247	13,518	154,765
Other comprehensive income (expense) for the year	–	–	–	–	(754)	(2,621)	–	–	–	(3,375)	313	(3,062)
Total comprehensive income (expense) for the year	–	–	–	141,247	(754)	(2,621)	–	–	–	137,872	13,831	151,703
Issue of shares upon exercise of share options *(Note 36(a))*	7,892	39,178	–	–	–	–	(22,734)	–	–	24,336	–	24,336
Issue of shares under placing *(Note 36(b))*	19,462	136,234	–	–	–	–	–	–	–	155,696	–	155,696
Issue of shares for acquisition of subsidiaries *(Note 36(c))*	37,770	207,735	–	–	–	–	–	–	–	245,505	–	245,505
Acquisition of additional interests in subsidiaries *(Note 39)*	–	–	–	–	–	–	–	(76,311)	–	(76,311)	(4,623)	(80,934)
Deemed partial disposal of subsidiaries *(Note 45(a))*	–	–	(328)	–	–	–	–	(4,871)	–	(5,199)	5,199	–
Deemed disposal of subsidiaries *(Note 41)*	–	–	–	–	–	(3,610)	–	–	–	(3,610)	–	(3,610)
Dividends recognised as distribution	–	(30,101)	–	–	–	–	–	–	–	(30,101)	–	(30,101)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(2,522)	(2,522)
Share issue expenses	–	(3,379)	–	–	–	–	–	–	–	(3,379)	–	(3,379)
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	75,236	75,236
Appropriation to statutory reserve funds	–	–	13,171	(13,171)	–	–	–	–	–	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	5,464	–	–	5,464	–	5,464
At 31 December 2013	245,773	556,369	27,313	455,320	1,402	(7,302)	8,698	(133,438)	40,000	1,194,135	100,290	1,294,425
At 1 January 2014	245,773	556,369	27,313	455,320	1,402	(7,302)	8,698	(133,438)	40,000	1,194,135	100,290	1,294,425
Profit for the year	–	–	–	58,194	–	–	–	–	–	58,194	8,064	66,258
Other comprehensive expense for the year	–	–	–	–	(1,334)	(476)	–	–	–	(1,810)	(2,544)	(4,354)
Total comprehensive income (expense) for the year	–	–	–	58,194	(1,334)	(476)	–	–	–	56,384	5,520	61,904
Issue of shares upon exercise of share options *(Note 36(e))*	6,073	51,411	–	–	–	–	(6,459)	–	–	51,025	–	51,025
Issue of shares under placing *(Note 36(d))*	15,890	111,230	–	–	–	–	–	–	–	127,120	–	127,120
Lapse of share options	–	–	–	225	–	–	(225)	–	–	–	–	–
Acquisition of a subsidiary *(Note 39)*	–	–	–	–	–	–	–	–	–	–	(99)	(99)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	2,956	–	2,956	(9,989)	(7,033)
Disposal of subsidiaries *(Note 40)*	–	–	(2,368)	(2,859)	–	(217)	–	5,444	–	–	(96,707)	(96,707)
Dividends recognised as distribution	–	(30,615)	–	–	–	–	–	–	–	(30,615)	–	(30,615)
Appropriation to statutory reserve funds	–	–	122	(122)	–	–	–	–	–	–	–	–
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	14,618	14,618
Recognition of equity-settled share-based payments	–	–	–	–	–	–	4,790	–	–	4,790	–	4,790
At 31 December 2014	267,736	688,395	25,067	510,758	68	(7,995)	6,804	(125,038)	40,000	1,405,795	13,633	1,419,428

Notes:

(a) Share premium

Under the Companies Law of the Cayman Islands (2009 Revision), the share premium of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay debts as they fall due in the ordinary course of business. During the year ended 31 December 2012 and 31 December 2013, dividends were funded out of its share premium.

(b) Statutory reserve

In accordance with the relevant regulations applicable in the People's Republic of China (the "PRC"), companies established in the PRC are required to transfer at least 10% of their statutory annual profits after tax in accordance with the relevant statutory rules and regulations applicable to enterprises in the PRC to the statutory reserve until the balance of the reserve reaches 50% of their respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve may be used to offset against accumulated losses of the respective PRC companies. The amount of the transfer is subject to the approval of the board of directors of the respective PRC companies.

(c) Investment revaluation reserve

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income/(expense), net of amounts reclassified to profit or loss when those investments have been disposed of or are determined to be impaired.

(d) Capital reserve

The capital reserve of the Group represents the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received arising from changes in the Group's ownership interests in existing subsidiaries that do not result in the loss of control and are accounted for as equity transactions.

(e) Special reserve

The special reserve represented the difference between the aggregate amount of paid-in capital of Ever Step Holdings Limited ("Ever Step"), a wholly owned subsidiary, and 上海銀通典當有限公司 ("上海銀通") and the amount of share capital of the Company issued to Kaiser Capital Holdings Limited ("Kaiser Capital") and Jiefang Media (UK) Co. Limited ("Jiefang Media"), which are 100% owned by the controlling shareholders, in 2010 in exchange for the entire equity interests in the above companies as part of the reorganisation completed on 25 February 2010 to rationalise the Group's structure in preparation for the listing of the Company's shares on the Growth Enterprises Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before tax	**101,315**	206,533
Adjustments for:		
Depreciation	**7,139**	2,704
Interest expenses	**92,419**	37,822
Interest income	**(6,788)**	(7,920)
Government grants income	**(9,510)**	(12,321)
Loss on disposal of plant and equipment	**(50)**	–
Loss on deemed disposal of subsidiaries	**–**	1,525
Gain on disposal of subsidiaries	**(6,068)**	–
Loss on disposal of joint ventures	**56**	–
Share-based payment expenses	**4,790**	5,464
Change in fair value of investment property	**(10,239)**	(75,677)
Change in fair value of contingent consideration receivable	**8,452**	468
Change in fair value of derivative and embedded derivative components of convertible bond	**(394)**	420
Share of results of associates	**672**	1,960
Share of results of joint ventures	**1,945**	(1,508)
Impairment loss recognised on loan receivables	**29,046**	–
Operating cash inflows before movements in working capital	**212,785**	159,470
Increase in funds payables and amounts due to customers	**305,728**	–
Increase in bank balance – trust account	**(305,728)**	–
Increase in trade receivables	**(17,793)**	–
(Increase) decrease in loan receivables	**(105,189)**	69,479
Increase in prepayments and other receivables	**(68,090)**	(22,161)
Increase (decrease) in accruals and other payables	**148,450**	(80,759)
Decrease in deposits received	**–**	(15,878)
Cash generated from operations	**170,163**	110,151
Income tax paid	**(28,860)**	(57,423)
NET CASH FROM OPERATING ACTIVITIES	**141,303**	52,728

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(13,301)**	(11,672)
Repayment from joint ventures		**49,893**	12,348
Repayment from related parties		**(13,923)**	893
Repayment from (advance to) associates		**525**	(525)
Acquisition of investment property		**(51,761)**	(437,323)
Acquisition of club membership		**(739)**	–
Proceeds from disposal of plant and equipment		**316**	–
Net cash outflow on deemed disposal of subsidiaries	41	**–**	(17)
Net cash outflow on disposal of subsidiaries	40	**(14,046)**	–
Acquisition of a joint venture		**(7,922)**	–
Proceeds from disposal of joint ventures	24	**1,450**	–
Net cash inflow (outflow) on acquisition of a subsidiary	39	**103**	(1,400)
Increase in pledge bank deposits		**–**	(30,008)
Interest income received		**6,300**	11,390
NET CASH USED IN INVESTING ACTIVITIES		**(43,105)**	(456,314)
FINANCING ACTIVITIES			
Proceeds from issue of shares		**127,120**	155,696
Proceeds from exercise of option		**51,025**	24,336
Repayment to non-controlling shareholders		**(456)**	(29)
Advance from (repayment to) related parties		**28,538**	(584)
Share issue expenses paid		**–**	(3,379)
New loans raised		**147,808**	434,041
New bonds raised		**203,818**	–
Repayment of bonds		**(255,611)**	–
Proceeds from financial assets sold under repurchase agreement		**20,781**	30,000
Repayment of borrowings		**(273,714)**	(48,834)
Government grants received		**9,510**	12,321

Consolidated Statement of Cash Flows

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Dividends paid		**(30,615)**	(30,101)
Dividends paid to non-controlling interests		**–**	(2,522)
Capital injection from non-controlling interests		**11,868**	–
Repayment of financial assets sold under repurchase agreement		**(29,914)**	–
Cash outflow from acquisition of additional interests in subsidiaries	39	**(6,968)**	(84,177)
Interests paid on corporate bonds		**(30,761)**	(27,500)
Interest paid		**(61,658)**	(6,173)
Arrangement fee paid for the financial assets sold under repurchase agreement		**–**	(1,400)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(89,229)**	451,695
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,969**	48,109
Effect of foreign exchange rate changes		**(3,045)**	(1,076)
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**259,591**	212,558
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash		**265,515**	259,591

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 4 January 2010 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The financial statements are presented in Renminbi ("RMB"). Other than those subsidiaries established in the PRC and certain subsidiaries of which primary sources of revenues are dividends which are derived from the operation of its major subsidiary operating in Mainland China, whose functional currency is RMB, the functional currency of the Company and its subsidiaries is Hong Kong dollars ("HK$").

The Company's principal activity during the year was provision of consultancy service and investment holding. The principal activities of the subsidiaries are set out in note 45(a).

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "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
Hong Kong (IFRS Interpretations Committee) ("HK(IFRIC)") – Int 21	Levies

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

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied amendments to HKFRS 10, HKFRS 12 and HKAS 27 *Investment Entities* for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

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

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments have been applied retrospectively. The Group has assessed whether certain of its financial assets and financial liabilities qualify for offset based on the criteria set out in the amendments and concluded that the application of the amendments has had no impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

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

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting* for the first time in the current year. The amendments to HKAS 39 introduce an exception to the requirements for the discontinuation of hedge accounting in HKAS 39 if specific conditions are met. The amendments to HKAS 39 state that the novation of a hedging instrument is not be considered an expiration or termination if the novation (a) is required by laws or regulations; (b) results in a central counterparty or an entity acting in a similar capacity becoming the new counterparty to each of the parties to the novated derivative and (c) does not result in changes to the terms of the original over-the-counter derivatives other than the changes directly attributable to the novation. For all other novations outside the scope of the exemption, an entity should assess if they meet the derecognition criteria and the conditions for continuation of hedge accounting.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

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

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

New and revised HKFRSs issued but not yet effective

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 11	According for Acquisitions of Interests in Joint Operations[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (2014)

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (2014) (continued)

- 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 the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments (2014) (continued)

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed

HKFRS 15 Revenue from Contracts with Customers

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. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers (continued)

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.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvements to HKFRSs 2010-2012 Cycle (continued)

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Annual Improvements to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below. The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 19 Defined Benefit Plans – Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also state that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 July 2014 with early application permitted.

The directors of the Company anticipate that the application of the amendments to HKAS 19 will have no material impact on the Group.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of revenue-based depreciation methods for property, plant and equipment under HKAS 16. The amendments to HKAS 38 introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be rebutted only in the following limited circumstances:

i) when the intangible asset is expressed as a measure of revenue;

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible assets could be demonstrated.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (continued)

The amendments to HKAS 16 and HKAS 38 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

As the Group use straight-line method for depreciation of property, plant and equipment, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under HKAS 41, but under HKAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The amendments to HKAS 16 and HKAS 41 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Group does not have any biological assets, the directors of the Company do not anticipate that the application of the amendments to HKAS 16 and HKAS 41 will have a material impact on the Group's consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 27 Equity Method in Separate Financial Statements

The amendments to HKAS 27 allow an entity to apply the equity method to account for its investments in subsidiaries, joint ventures and associates in its separate financial statements. As a result of the amendments, the entity can choose to account for these investments either:

i) at cost;

ii) in accordance with HKFRS 9 (or HKAS 39); or

iii) using the equity method as described in HKAS 28.

The amendments to HKAS 27 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

As the Company does not have any investment in associates or joint ventures, the directors of the Company do not anticipate that the application of the amendments to HKAS 27 will have a material impact on the Company's financial statements.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments provide guidance on addressing the acknowledged inconsistency between the requirements in HKFRS 10 and those in HKAS 28, in dealing with the sale or contribution of assets between an investor and its joint venture and associate. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that constitutes or contains a business to a joint venture or associate in full. An investing entity is required to recognise the gain or loss arising from selling or contributing assets that does not constitute or contain a business to a joint venture or associate only to the extent of the unrelated investors' interests in that joint venture or associate.

The amendments to HKFRS 10 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the application of the amendments to HKFRS 10 and HKAS 28 will have a material impact on the Company's financial statements

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations

The amendments provide new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business as defined in HKFRS 3 Business Combination. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKFRS 11 Accounting for Acquisition of Interests in Joint Operations (continued)

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments to HKFRS 11 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted. The amendments should be applied prospectively.

The directors of the Company do not anticipate that the application of the amendments to HKFRS 11 will have a material impact on the Company's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception

The amendments clarify the requirements when accounting for investment entities as well as provide relief in particular circumstances, which will reduce the costs of applying the Standards. Specifically, a parent entity that is a subsidiary of an investment entity is exempted from preparing consolidated financial statements. A parent entity which is also a subsidiary of an investment entity and hold interests in associates and joint ventures is exempted from applying equity method if it meets all the conditions stated in paragraph 4(a) of HKFRS 10.

Besides, the amendments clarify if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing investment-related services that relate to the investment entity's investment activities to the entity or other parties, it should consolidate that subsidiary. If the subsidiary that provides the investment-related services or activities is itself an investment entity, the investment entity parent should measure that subsidiary at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when apply the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 Investment Entities: Applying the Consolidation Exception (continued)

Furthermore, if a parent that is an investment entity and has measured all of its subsidiaries at fair value through profit or loss, that investment entity should present the disclosures relating to investment entities required by HKFRS 12 in its financial statements. If an investment entity has consolidated its subsidiary in which the subsidiary itself is not an investment entity and whose main purpose and activities are providing services that relate to the investment activities of its investment entity parent, the disclosure requirements in HKFRS 12 apply to financial statements in which the investment entity consolidates that subsidiary.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

As the Group does not have any investments in investment entities, the directors of the Company do not anticipate that the application of the amendments to HKFRS 10, HKFRS 12 and HKAS 28 will have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

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

New and revised HKFRSs issued but not yet effective (continued)

Amendments to HKAS 1 Disclosure Initiative (continued)

Furthermore, the amendments clarify that:

i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

In addition, the annual report requirements of Part 9 "Accounts and Audit"of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in section 76 to 87 of schedule 11 to that Ordinance.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property that are measured at fair values, 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, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

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

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

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

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

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Change in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of subsidiaries, it (i) derecognises the assets and liabilities of the subsidiaries at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiaries at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognise as a gain or loss in profit or loss attributable to the Group. The fair value of any investment retained in the former subsidiaries at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in joint ventures.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRSs.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating unit (the "CGU") (or groups of CGU) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

After application of the equity method, including recognising the associate's or joint venture's losses (if any), the Group determines whether it is necessary to recognise any additional impairment loss with respect to its investment in the associate or joint venture. Goodwill that forms part of the carrying amount of an investment in an associate or a joint venture is not separately recognised. The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment in the associate or joint venture. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

When the investment ceases to be an associate or a joint venture upon the Group losing significant influence over the associate or joint control over the joint venture, the Group discontinues to apply equity method and any retained interest is measured at fair value at that date which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. Any difference between the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss. Any amount previously recognised in other comprehensive income in relation to that investment is reclassified to profit or loss or retained earnings on the same basis as it would have been required if the investee had directly disposed of the related assets or liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Club membership

Club membership with indefinite useful life is stated at cost less any impairment loss. Impairment is reviewed annually or when there is any indication that the club membership has suffered impairment loss.

Plant and equipment

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

Depreciation is recognised so as to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, 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 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 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.

Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment property is measured at their fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above) (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Bank balance – trust account and funds payable and amounts due to customers

Bank balance – trust account and funds payable and amounts due to customers relate primarily to the online third party payments service segment and arise due to the time to clear transactions through external payment networks. When customers fund their account using their bank account, or withdraw money to their bank account, there is a clearing period before the cash is received or settled. Customer balances are held under online platform as direct claims against the online platform are reflected on the consolidated balance sheet as an asset under "bank balance-trust account" and "funds payable and amounts due to customers" as a liability at the same time.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into loans and receivables, available-for-sale financial assets and financial assets at fair value through profit or loss ("FVTPL"). 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 marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset 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 financial asset, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets designated as at FVTPL on initial recognition.

A financial asset 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 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other income line item in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in note 6.

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. Subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, other receivables, amounts due from joint ventures, amounts due from associates, amounts due from related companies, amounts due from non-controlling shareholders, pledged bank deposits, bank balance-trust account and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments. The Group has designated the debt element of an investment in convertible bond as an available-for-sale investment on initial recognition of those items.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity financial assets 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 instruments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

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

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For 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; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables and loan receivables, 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 of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets 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 loan receivables, where the carrying amount is reduced through the use of an allowance account. When a loan receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form as 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.

Other financial liabilities

Other financial liabilities, including accruals and other payables, funds payables and amounts due to customers, amounts due to non-controlling shareholders, amounts due to related companies, borrowings, financial assets sold under repurchase agreement and corporate bonds, are subsequently measured at the amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

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 neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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 in its entirety, 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 is recognised in profit or loss.

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

Retirement benefit costs

Payments to the PRC local government defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and the Mandatory Provident Fund Scheme in Hong Kong are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 tax", as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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 assets 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 is recognised in profit or loss.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment property that is measured using the fair value model, the carrying amounts of such property are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for services provided in the normal course of business net of sale related taxes.

Financing consultancy service income is recognised when the services are provided (for example, financial advisory and service fees for non-online loan financing transactions).

Peer-to-peer (“P2P”) loan service income is recognised when the services are provided (for example, financial advisory and service fees for online loan financing transactions).

Online third party payment service income is recognised when the services are provided (for example, online loan provision services to borrowers on behalf of funds providers).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Gain on transfer of rights on interests on loan receivables is recognised when the rights and titles have been contractually and legally passed, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the rights.

Interest income, including administrative fee income, from financing service and a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from financing service and a financial asset (including the interest-bearing convertible bond designated as an available-for-sale investment) 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.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

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 term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Borrowing costs

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

Foreign currencies

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

Exchange differences on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operation are translated into presentation currency of the Group (i.e. RMB) at the rate of exchange prevailing at the end of the reporting period, and their income and expense are translated at the average rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over subsidiaries that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to directors and employees

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based payment reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share-based payment 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-based payment reserve will be transferred to retained profits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity-settled share-based payment transactions (continued)

Share options granted to business associates

Share options issued in exchange for services are measured at the fair values of the services received. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share-based payment reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

When the share options are exercised, the amount previously recognised in share-based payment reserve will be transferred to share premium. When the share options are cancelled and forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payment reserve will be transferred to retained profits.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

De facto control over subsidiaries

The Group does not have any equity interests in 上海銀通 and 先鋒支付有限公司及北京分公司 (“先鋒支付”) . The Group entered into a series of agreements (the “Structure Contracts”) with 上海銀通 and its equity owner in February 2010; and 先鋒支付 and its equity owner in November 2013 respectively. Notwithstanding the lack of equity ownership, through the Structure Contracts, the Group is able to exercise control over 上海銀通 and 先鋒支付 by way of controlling the voting rights of 上海銀通 and 先鋒支付, governing their financial and operating policies, appointing and removing the majority of the members of their controlling authorities, casting the majority of votes at meeting of such authorities and deriving economic benefits from 上海銀通 and 先鋒支付. Accordingly, 上海銀通 and 先鋒支付 are accounted for as subsidiaries of the Group.

The directors of the Company assessed whether or not the Group has control over 上海銀通 and 先鋒支付 based on whether the Group has the practical ability to direct the relevant activities of 上海銀通 and 先鋒支付 unilaterally. In making their judgement, the directors of the Company considered the Group’s rights through the Structure Contracts. After assessment, the directors of the Company concluded that the Group has sufficiently dominant voting interest to meet the power criterion without the need to consider any other evidence of power. The Group can direct the relevant activities of 上海銀通 and 先鋒支付 and therefore the Group has control over 上海銀通 and 先鋒支付.

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment property that are measured using the fair value model, the directors of the Company have reviewed the Group’s investment property portfolios and concluded that the Group’s investment property is not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time. Therefore, in measuring the Group’s deferred taxation on investment property, the directors of the Company have determined that the presumption that the carrying amounts of investment property measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes on changes in fair value of investment property as the Group is subject to PRC Enterprise Income Tax (the “EIT”) and Land Appreciation Tax (“LAT”) on disposal of its investment property.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Classification of joint arrangements

The directors of the Company assessed whether joint arrangement has been established following the deemed disposal of 49% equity interests in Absolute Wise Holdings Limited ("Absolute Wise") as detailed in note 41, based on the composition of board of Absolute Wise of which decision about the relevant activities cannot be made without both parties agreeing. After assessment, the directors of the Company concluded that the joint arrangement has been established and Absolute Wise is classified as a joint venture of the Group.

Change in ownership interest in a subsidiary

The Group has entered into various agreements to effectively acquire additional interests in a subsidiary during the year. The directors of the Company assessed the ability of the Group to control the subsidiary and concluded that the Group exerted control over the subsidiary during the year. As a result, the change in ownership in the subsidiary is accounted for as equity transaction during the year.

Key sources of estimation uncertainty

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

Impairment of loan receivables

The policy for impairment of loan receivables of the Group is based on the evaluation of collectability and ageing analysis of the receivables and on management's judgements. A considerable amount of judgement is required in assessing the ultimate realisation of loan receivables from these customers, if applicable, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provision for impairment may be required. Impairment loss of approximately RMB29,046,000 had been provided for the year ended 31 December 2014 (2013: Nil).

Loan receivables mainly include financing advances provided to customers which are mainly secured by real estates and other collaterals. Apart from assessing the financial positions of customers, the management further reviews value of the pledged real estates and other collaterals by reference to recent market transactions in comparable properties or fair values determined by the directors of the Company. If the market value of secured real estates and other collaterals is deteriorated and is below the carrying amount of the corresponding financing advances, provision on impairment may be required.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Share-based payment expenses

The fair value of the share options granted to the directors, employees and business associate determined at the date of grant of the respective share options is expensed over the vesting period, with a corresponding adjustment to the Group's share-based payment reserve. In assessing the fair value of the share options, the generally accepted option pricing models were used to calculate the fair value of the share options. The option pricing models require the input of subjective assumptions, including the volatility of its own ordinary shares and the expected life of options. Any changes in these assumptions can significantly affect the estimate of the fair value of the share options.

Impairment of intangible assets

The management of the Group determines whether the intangible assets are impaired, at least on an annual basis. The impairment loss for intangible assets is recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of intangible assets have been determined based on value-in-use calculations. These calculations require the use of estimates such as the future revenue and discount rates. As at 31 December 2014, the carrying amounts of intangible assets are approximately RMB136,310,000 (2013: RMB135,835,000). No impairment loss was recognised for the year ended 31 December 2014 (2013: Nil).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value–in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is approximately RMB43,214,000 (2013: RMB37,820,000). No impairment losses were recognised for the year ended 31 December 2014 (2013: Nil).

Fair value of contingent consideration receivable

The Group's business acquisition involved post-acquisition performance-based contingent considerations. The Group recognises the fair value of those contingent considerations for acquisition, as of their acquisition date as part of the consideration transferred in exchange for the acquired business.

These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired business and significant judgement on time value of money. Contingent considerations receivable shall be re-measured at their fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value of contingent consideration receivable (continued)

Judgement is applied to determine key assumptions (such as sales growth, gross margins growth and discount rate) adopted in the estimate of post-acquisition performance of the acquired business. Changes to key assumptions may impact the future receivable amount. As at 31 December 2014, the carrying value of the contingent consideration receivable is nil (2013: approximately RMB8,452,000).

Estimation of useful lives of intangible assets

Determining whether useful lives of licences are indefinite require an estimation of ability to renew the licences, costs of renewal in the future and the expected lives of the licences to generate net cash flows for the Group. Any changes in these assumptions can significantly affect the useful lives of the licences.

Impairment of available-for-sales investments

The management of the Group reviews the available-for-sales investments periodically to assess whether any impairment losses exist and any indication of impairment. The objective evidence of impairment for available-for-sale financial assets includes adverse changes in the financial performance of the investments, the management of the Group will also consider the historical fluctuation records of market condition, financial position and performance of related industry.

Fair value of investment property

Investment property is stated at fair values based on the valuations performed by independent professional valuers. In determining the fair values, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation report, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the investment property and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The directors of the Company are responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors of the Company work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The directors of the Company regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments, including the investment properties, derivative embedded in convertible bond and contingent consideration receivable. Notes 6 and 19 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Income taxes

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Revenue recognition for gain on transfer of rights on interests on loan receivables

The management of the Group assesses the timing if the rights and titles on interests on loan receivables have been contractually and legally passed to the buyer, at which time the Group has transferred to the buyer the significant risks and rewards of ownership of the respective rights and revenue is recognised by the Group accordingly.

5. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-capital ratio. For this purpose, net debt is defined as all borrowings, less bank balances and cash and capital comprises all components of equity.

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Borrowings	**492,197**	719,566
Less: Bank balances and cash	**(265,515)**	(259,591)
Net debt	**226,682**	459,975
Equity attributable to owners of the Company	**1,405,795**	1,194,135
Net debt-to-capital ratio	**16%**	39%

The directors of the Company review the capital structure regularly. As part of the review, the directors of the Company consider the cost of capital and risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the raising of new debts, the repayment of existing debts, payment of dividend and issuance of new shares. The Group's overall strategy remains unchanged from prior year.

6. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Financial assets		
Available-for-sale financial assets	**34,180**	33,800
Contingent consideration receivable	**–**	8,452
Loans and receivables (including bank balances and cash)	**1,857,895**	1,558,074
	1,892,075	1,600,326
Financial liabilities		
At amortised costs	**1,155,634**	923,100
Financial liabilities at fair value through profit or loss	**–**	392
	1,155,634	923,492

The Group's major financial instruments include available-for-sale financial assets, derivative embedded in convertible bond, contingent consideration receivable, loan receivables, trade receivables, other receivables, amounts due from joint ventures, amounts due from related companies, amounts due from associates, amounts due from non-controlling shareholders, pledged bank deposits, bank balance-trust account, bank balances and cash, accruals and other payables, funds payables and amounts due to customers, amounts due to non-controlling shareholders, amounts due to related companies, borrowings, financial assets sold under repurchase agreement and corporate bonds. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (including interest rate risk and foreign currency risk). The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS (continued)

b) Credit risk

The Group's credit risk is primarily attributable to loan receivables. Management has a credit policy in place and the exposures to the credit risk are monitored on an ongoing basis.

In respect of loan receivables, representing financing advances to customers under the Group's pawn loans business, other secured loan business, entrusted loan business and microfinance business, individual credit evaluations are performed on all customers. These evaluations focus on the customer's financial background and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates.

In the course of loan portfolio management, the Group further minimises the credit risk regarding to interests receivable from loan receivables by transferring the rights on interests on loan receivables to buyers for certain consideration, at which time substantially all the risks and rewards of ownership of the rights have been passed to buyers by the Group.

49% (2013: 36%) of all financing advances given out as at 31 December 2014 are backed by real estates situated in Shanghai, Chongqing or Beijing, the PRC, as security. The Group also focuses on identifying legal ownership and the valuation of the real estate collaterals. An advance given out is based on the value of collaterals and is in general approximately 2% – 88% (2013: 2% – 54%) of the estimated value of the collaterals. The Group closely monitors the ownership and value of the collaterals throughout the loan period. Advances to customers are due by the date as specified in the corresponding loan agreement.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. 13% (2013: 8%) of the total loan receivables as at 31 December 2014 was due from the Group's largest customer and 49% (2013: 35%) of the total loan receivables as at 31 December 2014 was due from the Group's five largest customers for the Group's other loan business and entrusted loan business.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, including Hong Kong, which accounted for 100% (2013: 100%) of the total loan receivables as at 31 December 2014.

With respect to credit risk arising from amounts due from related companies, amounts due from associates, amounts due from joint ventures, amounts due from non-controlling shareholders and convertible bond, the Group's exposure to credit risk arising from default of the counterparties are limited as the counterparties have sufficient net assets to repay its debts and a good history of repayment. The Group does not expect to incur a significant loss for uncollected amounts due from these related companies, associates, joint ventures and non-controlling shareholders.

6. FINANCIAL INSTRUMENTS (continued)

b) Credit risk (continued)

With respect to credit risk arising from those receivables, the Group's exposure to credit risk arising from default of the counterparties are limited as the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual receivables at the end of the 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 for bank balance – trust account, bank balances and pledged bank deposits is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

The maximum exposure to credit risk without taking account of the collateral held is represented by the carrying amount of loan receivables as at the end of the reporting period. The Group does not provide any guarantees which would expose the Group to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from loan receivables are set out in note 26.

c) Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and other source of funding and considers the risk is minimal.

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

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk (continued)

Liquidity risk tables

	Weighted average interest rate %	On demand or within one year RMB'000	More than one year but not exceeding two years RMB'000	More than two years but not exceeding five years RMB'000	More than five years RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2014							
Non-derivatives financial liabilities							
Accruals and other payables	–	149,130	–	–	–	149,130	149,130
Amounts due to non-controlling shareholders	–	714	–	–	–	714	714
Funds payables and amounts due to customers	–	305,728	–	–	–	305,728	305,728
Amounts due to related companies	–	207,865	–	–	–	207,865	207,865
Borrowings *(Note)*	5.1%	299,963	–	–	–	299,963	288,379
Corporate bonds	8.7%	17,596	176,177	7,844	52,775	254,392	203,818
		980,996	176,177	7,844	52,775	1,217,792	1,155,634
Derivatives							
Derivatives embedded in convertible bond		–	–	–	–	–	–

6. FINANCIAL INSTRUMENTS (continued)

c) Liquidity risk (continued)

Liquidity risk tables (continued)

	Weighted average interest rate %	On demand or within one year RMB'000	Total undiscounted cash flow RMB'000	Carrying Amount RMB'000
As at 31 December 2013				
Accruals and other payables	–	23,035	23,035	23,035
Amounts due to non-controlling shareholders	–	1,173	1,173	1,173
Amounts due to related companies	–	179,327	179,327	179,327
Borrowings *(Note)*	14%	483,387	483,387	434,041
Financial assets sold under repurchase agreement	8.5%	30,551	30,551	29,914
Corporate bonds	11%	277,500	277,500	255,611
		994,973	994,973	923,101
Derivatives				
Derivatives embedded in convertible bond		392	392	392

Note:

Borrowings with a repayment on demand clause are included in the 'on demand or less than 1 month' time band in the above maturity analysis. As at 31 December 2014, the aggregate undiscounted principal amounts of these bank loans amounted to nil (2013: RMB219,157,000).

d) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its loan receivables, bank balances, borrowings, and corporate bonds. Bank balances, borrowings and deposits received at variable rates expose the Group to cash flow interest-rate risk, while loan receivable, borrowings and corporate bonds at fixed rates expose the Group to fair value interest-rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. FINANCIAL INSTRUMENTS (continued)

d) Interest rate risk (continued)

The Group's loan receivables, bank balances, pledged bank deposits, borrowings and corporate bonds at their respective interest rates as at 31 December 2014 and 2013 are set as below:

		As at 31 December	
	Interest rate	**2014** **RMB'000**	2013 RMB'000
Fixed rate loan receivables	2014: 0.50%-2.5% per month (2013: 0.3%-2.5% per month)	**862,842**	1,000,956
Fixed rate corporate bonds	2014: 5.5%-9.5% p.a. (2013: 11.00% p.a.)	**203,818**	255,611
Variable rate bank balances	2014: 0.01%-0.385% p.a. (2013: 0.01%-1.50% p.a.)	**295,523**	289,599
Fixed rate borrowings	2014: 9%-12%p.a (2013: 8%-24%p.a.)	**76,534**	223,573
Fixed rate financial assets sold under repurchase agreement	2014: Nil (2013: 7%-9%p.a.)	**–**	29,914
Variable rate borrowings	2014: 2.17%-5.13% p.a. (2013: 2.19%-5.15%p.a)	**211,845**	210,468

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable rate bank balances, pledged bank deposits, borrowings and financial assets under repurchase agreement. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The basis point 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.

6. FINANCIAL INSTRUMENTS (continued)

d) Interest rate risk (continued)

50 basis points have been used for variable rate bank balances and borrowings.

For variable rate bank balances, if the interest rates had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the Group's profit after tax and retained profits would increase/decrease by approximately RMB966,000 (2013: RMB1,130,000 approximately).

For variable rate borrowings, if the interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit after tax and retained profits would decrease/increase by approximately RMB16,000 as of 31 December 2014 (2013: RMB45,000).

This sensitivity analysis has been determined assuming that the change in interest rates had occurred at 31 December 2014 and 2013 and had been applied to the exposure to interest risk for financial investments in existence at those dates. The analysis has been performed on the same basis throughout the two years ended 31 December 2014 and 2013.

e) Foreign currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

Amounts due from joint ventures and other receivables are denominated in RMB, amounts due to non-controlling shareholders are denominated in HK$, and certain bank balances are denominated in RMB, HK$ and US$, which are currencies other than the functional currency of the relevant group entities.

6. FINANCIAL INSTRUMENTS (continued)

e) Foreign currency risk (continued)

The following table shows the Group's exposure at the end of the reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	Liabilities		Assets	
	As at 31 December		As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
HK$	**714**	710	**32**	32
RMB	**–**	255,611	**59,222**	55,219
US$	**54,019**	53,589	**7,371**	11,644

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

Sensitivity analysis

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

If a 5 % (2013: 5%) increase/decrease in HK$ against the RMB and all other variables were held constant, the Group's profit after tax for the year would decrease/increase by approximately RMB1,959,000 (2013: increase/decrease by approximately RMB7,751,000). The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is HK$ other than the functional currency.

6. FINANCIAL INSTRUMENTS (continued)

e) Foreign currency risk (continued)

Sensitivity analysis (continued)

If a 5% increase/decrease in US$ against the RMB and all other variables were held constant, the Group's profit after tax for the year would increase/decrease by approximately RMB1,525,000 (2013: decrease/increase by approximately RMB1,636,000). 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes cash and cash equivalents where the denomination is US$ other than the functional currency.

f) Fair value measurements of financial instruments

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FINANCIAL INSTRUMENTS (continued)

f) Fair value measurements of financial instruments (continued)

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

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabilities	Fair value	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
As at 31 December 2014				
Debt component of convertible bond	Asset – RMB31,997,000	Level 3	Present value of the contractually determined stream of future cash flows discounted at the required yield	The required yield was determined with reference to the credit rating of the convertible bond issuer and remaining time to maturity at 9.09%. *(Note 3)*
As at 31 December 2013				
Derivatives embedded in convertible bond in the statement of financial position	Liabilities – RMB392,000	Level 3	Black-Scholes option pricing model based on the stock price, volatility, dividend yield, risk free rate and option life	Dividend yield taking into account management's expectation of market conditions of specific industries at 7.50%. *(Note 1)*
Debt component of convertible bond	Asset – RMB32,675,000		Present value of the contractually determined stream of future cash flows discounted at the required yield	The required yield was determined with reference to the credit rating of the convertible bond issuer and remaining time to maturity at 9.09%. *(Note 3)*
Contingent consideration receivable	Assets – RMB8,452,000	Level 3	Discount cash flow with key inputs on long-term revenue growth rate, gross profit margin and discount rate	Long-term revenue growth rates taking into account management's experience and knowledge of market conditions of the specific industries at 26%. *(Note 2)* Weighted average cost of capital (WACC), determined using a Capital Asset Pricing Model at 26.5%.

Notes:

1) An increase in the dividend yield used in isolation would result in an increase in the fair value measurement of the derivatives embedded in convertible bond, and vice versa.

2) An increase in the revenue growth rate would result in a decrease in the fair value measurement of the contingent consideration receivable, and vice versa.

3) An increase in the interest yield used in isolation would result in a decrease in the fair value measurement of the debt component of the convertible bond, and vice versa.

6. FINANCIAL INSTRUMENTS (continued)

f) Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

There were no transfers between levels of fair value hierarchy in current and prior year.

The level in the fair value hierarchy within which the financial asset (liability) is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets (liabilities) of the Group at fair value in the statement of financial position are grouped into fair value hierarchy as follows:

	Level 1 RMB'000	**Level 2** RMB'000	**Level 3** RMB'000	**Total** RMB'000
31 December 2014				
Debt component of convertible bond	**–**	**–**	**31,997**	**31,997**
31 December 2013				
Debt component of convertible bond	–	–	32,675	32,675
Derivatives embedded in convertible bond	–	–	(392)	(392)
Contingent consideration receivable	–	–	8,452	8,452
	–	–	40,735	40,735

6. FINANCIAL INSTRUMENTS (continued)

f) Fair value measurements of financial instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements

	Contingent consideration receivable RMB'000
As 1 January 2013	–
Additions	8,920
Change in fair value	(468)
At 31 December 2013 and 1 January 2014	8,452
Change in fair value	(8,452)
At 31 December 2014	–

7. TURNOVER

The principal activities of the Group are provision of traditional financing services and related financing consultancy services including entrusted loan service, real estate-backed loan service, pawn loan service, other loan service and microfinance service, and internet financing service including online third party payment service, P2P loan services and related activities on loan portfolio management.

Turnover represents interest income (either from entrusted loans, pawn loans, real estate-backed loans, other loans and micro loans), financial consultancy service income, P2P loan service income, online third party payment service income, and gain on transfer of interest rights, net of corresponding sales related taxes. The amount of each significant category of revenue recognised in turnover for the year is as follows:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Interest income		
Entrusted loan service income	**101,302**	106,721
Other loan service income	**17,856**	11,236
Real estate-backed loan service income	**24,026**	16,764
Microfinance service income	**32,496**	11,555
	175,680	146,276
Financial consultancy service income	**66,597**	123,452
Online third party payment service income	**60,665**	–
P2P loan service income	**24,822**	–
Gain on transfer of rights on interests on loan receivables	**46,304**	–
Turnover	**374,068**	269,728

8. SEGMENT INFORMATION

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's chief operation decision maker ("CODM"), which are the most senior executive management, for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Following the exploration of the businesses in the provision of online third party payment service, P2P loan service and certain activities on loan portfolio management, the CODM had revisited the resources allocation and performance assessment of the Group's operating segments, and determined the following reportable and operating segments under HKFRS 8:

1. Loan financing – provision of financing services (other than micro loan financing) in the PRC and Hong Kong;

2. Mirco loan financing – provision of micro loan financing services in the PRC;

3. Online third party payment service – provision of online third party service and prepaid card issuance business;

4. P2P loan service – provision of internet housing loan and automobile loan financing service in the PRC; and

5. Others – property investment

No operating segments identified by the CODM have been aggregated in arriving at the reportable segment of the Group.

8. SEGMENT INFORMATION (continued)

Segment revenue and results

For the year ended 31 December 2014

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P loan service RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	176,041	105,130	66,316	26,581	–	374,068
Segment results	117,780	32,305	42,607	4,501	10,239	207,432
Share of results of associates						(672)
Share of results of joint ventures						(1,945)
Unallocated other income						6,931
Change in fair value of derivative and embedded derivative components of convertible bond						394
Change in fair value of contingent consideration receivable						(8,452)
Net loss on disposal of plant and equipment						(50)
Gain on disposal of subsidiaries						6,068
Loss on disposal of joint ventures						(56)
Share-based payment expenses						(4,790)
Interest expenses						(92,419)
Unallocated expenses						(11,126)
Profit before tax						101,315

8. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2013

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment services RMB'000	P2P Loan service RMB'000	Others RMB'000	Total RMB'000
REVENUE						
External income and gain	218,321	51,210	197	–	–	269,728
Segment results	158,084	28,450	(828)	–	75,677	261,383
Share of results of associates						(1,960)
Share of results of joint ventures						1,508
Unallocated other income						7,920
Change in fair value of derivative and embedded derivative components of convertible bond						(420)
Change in fair value of contingent consideration receivable						(468)
Loss on deemed disposal of subsidiaries						(1,525)
Share-based payment expenses						(5,464)
Interest expenses						(37,822)
Unallocated expenses						(16,619)
Profit before tax						206,533

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit or loss represents profit earned by or loss from each segment without allocation of share of results of associates and joint ventures, unallocated other income, loss on deemed disposal of subsidiaries, gain on disposal of subsidiaries, loss on disposal of joint ventures, change in fair value of derivative and embedded derivative components of convertible bond, change in fair value of contingent consideration receivable, central administration costs, share-based payment expenses and interest expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities

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

Segment assets

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Loan financing	**1,035,151**	877,808
Micro loan financing	**134,581**	374,715
Online third party payment service	**592,278**	279,891
P2P loan service	**96,750**	–
Others	**575,000**	513,000
Total segment assets	**2,433,760**	2,045,414
Unallocated corporate assets	**237,967**	266,137
Consolidated total assets	**2,671,727**	2,311,551

8. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Segment liabilities

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Loan financing	**122,415**	27,209
Micro loan financing	**965**	4,832
Online third party payment service	**307,299**	2,410
P2P loan service	**32,591**	–
Other	**3,534**	–
Total segment liabilities	**466,804**	34,451
Unallocated corporate liabilities	**785,495**	982,675
Consolidated total liabilities	**1,252,299**	1,017,126

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

- all assets are allocated to operating segments other than interests in associates, interests in joint ventures, available-for-sale investments, club membership, amounts due from joint ventures, amounts due from associates, amounts due from related companies, amounts due from non-controlling shareholders, income tax recoverable and unallocated corporate assets; and

- all liabilities are allocated to operating segments other than amounts due to non-controlling shareholders, amounts due to related companies, borrowings, financial assets sold under repurchase agreement, derivatives embedded in convertible bond, corporate bonds, deferred tax liabilities, income tax payables and unallocated corporate liabilities.

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2014

	Loan financing RMB'000	Micro loan financing RMB'000	Online third party payment service RMB'000	P2P loan service RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	9,376	84	2,234	2,298	51,761	65,753
Depreciation and amortisation	1,611	3,184	1,745	596	3	7,139
Impairment recognised on loan receivables	–	29,046	–	–	–	29,046
Change in fair value of investment property	–	–	–	–	10,239	10,239
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in associates						353
Share of results of associates						(672)
Interests in joint ventures						6,230
Share of results of joint ventures						(1,945)
Bank interest income						2,461
Interest income on convertible bond						4,327
Interest expenses						(92,419)
Income tax						(35,057)
Loss on disposal of joint ventures						(56)
Gain on disposal of subsidiaries						6,068
Share-based payment expenses						(4,790)

8. SEGMENT INFORMATION (continued)

Other segment information (continued)

For the year ended 31 December 2013

	Loan financing RMB'000	Micro loan financing RMB'000	Online third-party payment service RMB'000	P2P Loan service RMB'000	Others RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	373	5,638	6,274	–	437,323	449,608
Depreciation and amortisation	2,060	630	14	–	–	2,704
Change in fair value of investment property	–	–	–	–	75,677	75,677
Amounts regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets:						
Interests in associates						1,025
Share of results of associates						(1,960)
Interests in joint ventures						2,817
Share of results of joint ventures						1,508
Bank interest income						1,837
Other interest income						1,756
Interest income on convertible bond						4,327
Interest expenses						(37,822)
Income tax						(51,768)
Loss on deemed disposal of subsidiaries						(1,525)
Share-based payment expenses						(5,464)

Note:

Non-current assets included plant and equipment and investment property for the years ended 31 December 2014 and 2013.

8. SEGMENT INFORMATION (continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments is presented based on the geographical location of the assets.

	Revenue from external customers For the year ended 31 December		Non-current assets As at 31 December	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC	**364,144**	221,682	**767,309**	700,389
Hong Kong	**9,924**	48,046	**8,352**	5,122
	374,068	269,728	**775,661**	705,511

Details of the customers accounting for 10% or more of aggregate revenue of the Group during the year are as follows:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Customer A[1]	**68,023**	38,163
Customer B[1]	**37,760**	N/A[2]

1 Revenue from loan financing business

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

9. OTHER INCOME

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Net exchange gain	**1,536**	–
Government grants *(note)*	**9,510**	12,321
Bank interest income	**2,461**	1,837
Other interest income	**–**	1,756
Interest income on convertible bond	**4,327**	4,327
Others	**976**	251
	18,810	20,492

Note:

Government grants in respect of encouragement of expansion of enterprise were recognised at the time the Group fulfilled the relevant granting criteria.

10. INTEREST EXPENSES

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Wholly repayable within five years:		
Interest on corporate bonds	**30,761**	30,335
Interest on bank and other loans	**57,671**	6,173
Interest on financial assets sold under repurchase agreement	**3,987**	1,314
	92,419	37,822

11. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
(a) Staff costs, including directors' remuneration		
Salaries, wages and other benefits	**72,689**	43,283
Contribution to defined contribution retirement benefits scheme *(note 38)*	**5,176**	2,170
Share-based payment expenses	**4,790**	5,464
	82,655	50,917
(b) Other items		
Auditors' remuneration	**1,236**	1,288
Depreciation	**7,139**	2,704
Net exchange (gain) loss	**(1,536)**	1,047
Operating lease charges in respect of properties	**16,230**	8,353
Impairment recognised on loan receivables (included in administrative and other operating expenses)	**29,046**	–
Net loss on disposal of plant and equipment	**50**	–

12. INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represented:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Current tax:		
Provision for PRC EIT	**30,621**	15,947
Deferred tax *(Note 34)*	**4,436**	35,821
	35,057	51,768

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

(ii) No Hong Kong Profits Tax has been provided for the years ended 31 December 2014 and 2013 as the Group has no assessable profit for Hong Kong Profits Tax purposes for both years.

(iii) Profits of the subsidiaries established in the PRC are subject to PRC EIT.

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Several subsidiaries established in the PRC were approved by the local tax bureau and the taxable income of these subsidiaries shall be the total revenue of such subsidiaries, deducted by any non-assessable revenue, exempted revenue, other deductions and amount of offsetting any accumulated losses, for the period from 1 January 2013 to 31 March 2014.

12. INCOME TAX (continued)

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represented: (continued)

(iv) According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995 as well, all income from the sale or transfer of land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value as calculated according to the Provisional Regulations of the PRC on LAT and its Detailed Implementation Rules.

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

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Profit before tax	**101,315**	206,533
Notional tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	**35,201**	56,872
Tax effect of expenses not deductible for tax purpose	**18,569**	1,950
Tax effect of incomes not taxable for tax purpose	**(2,366)**	(4,428)
Tax effect of LAT on investment property	**2,021**	30,226
Tax effect of tax losses not recognised	**5,631**	6,282
Utilisation of tax losses previously not recognised	**–**	(4)
Income tax on concessionary rate	**(25,235)**	(41,139)
Tax effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**1,236**	2,009
Income tax expense for the year	**35,057**	51,768

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the 16 (2013: 9) directors and the chief executive were as follows:

	Directors' fees	Salaries, allowances and other benefits	Contribution to retirement benefits scheme	Discretionary bonuses	Share-based payment transaction expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014						
Executive directors:						
Mr. Phang Yew Kiat	–	546	12	48	108	714
Ms. Shen Li	–	2,629	13	141	268	3,051
Mr. Sheng Jia	–	546	12	48	32	638
Mr. Chng Swee Ho						
(Appointed on 17 March 2014)	–	432	9	38	32	511
Mr. Ji Zu Guang						
(Resigned on 17 March 2014)	–	139	21	–	176	336
Mr. Shi Zhi Jun						
(Resigned on 17 March 2014)	–	193	3	–	176	372
Mr. Ting Pang Wan, Raymond						
(Resigned on 7 July 2014)	–	3,303	6	–	1,109	4,418
Non-executive directors:						
Mr. Wong Sai Hung						
(Appointed on 17 March 2014)	188	–	–	–	22	210
Mr. Li Mingshan						
(Appointed on 7 July 2014)	368	–	–	–	–	368
Mr. Li Gang						
(Appointed on 17 November 2014)	29	–	–	–	22	51
		–	–	–		
Independent non-executive directors		–	–	–		
Mr. Peter Z Kuk						
(Appointed on 7 July 2014)	115	–	–	–	11	126
Mr. Wang Wei						
(Appointed on 7 July 2014)	115	–	–	–	11	126
Mr. Ge Ming						
(Appointed on 18 September 2014)	68	–	–	–	–	68
Mr. Neo Poh Kiat						
(Resigned on 7 July 2014)	115	–	–	–	15	130
Dr. Lau Reimer Mary Jean						
(Resigned on 7 July 2014)	115	–	–	–	15	130
Mr. Lee Sze Wai						
(Resigned on 7 July 2014)	115	–	–	–	15	130
Total	1,228	7,788	76	275	2,012	11,379

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

	Directors' fees RMB'000	Salaries, allowances and other benefits RMB'000	Contribution to retirement benefits scheme RMB'000	Discretionary bonuses RMB'000	Share-based payment transaction expenses RMB'000	Total RMB'000
Year ended 31 December 2013						
Executive directors:						
Mr. Ting Pang Wan, Raymond	–	3,656	15	4,680	2,235	10,586
Mr. Phang Yew Kiat (Appointed on 23 December 2013)	–	17	–	–	–	17
Mr. Shi Zhi Jun	–	780	15	507	355	1,657
Mr. Ji Zu Guang	–	780	15	525	355	1,675
Ms. Shen Li	–	1,040	15	2,447	540	4,042
Mr. Sheng Jia (Appointed on 23 December 2013)	–	17	–	–	–	17
Independent non-executive directors						
Mr. Neo Poh Kiat	180	–	–	–	31	211
Dr. Lau Reimer Mary Jean	180	–	–	–	31	211
Mr. Lee Sze Wai	180	–	–	–	31	211
Total	540	6,290	60	8,159	3,578	18,627

Ms. Shen Li is the Chief Executive of the Company for 1 January to 6 July 2014 and Mr. Phang Yew Kiat is the Chief Executive of the Company for 7 July to 31 December 2014. Their emoluments disclosed above include those for services rendered by Ms. Shen Li of approximately RMB1,280,000 for 1 January to 6 July 2014 and Mr. Phang Yew Kiat of approximately RMB425,000 for 7 July to 31 December 2014 as the Chief Executive of the Company.

The discretionary bonuses are determined with reference to the operating results and individual performance.

The performance related incentive payment is determined by reference to the individual performance of the directors of the Company and the chief executive and approved by the Remuneration Committee.

During the years ended 31 December 2014 and 2013, no directors of the Company waived any emoluments.

No emoluments were paid by the Group to any directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 December 2014 and 2013.

14. EMPLOYEES' EMOLUMENTS

The five highest paid individuals of the Group include two directors (2013: three), whose remuneration are set out in note 13. Details of emolument paid to the remaining three (2013: two) highest paid individual of the Group was as follows:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Salaries, allowance, and other benefits	**2,531**	3,299
Contribution to defined contribution retirement scheme	**13**	52
Discretionary bonuses	**631**	174
Share-based payment expenses	**166**	201
	3,341	3,726

Their emoluments were within the following bands:

	For the year ended 31 December	
	2014	2013
	No. of employees	No. of employees
HK$1,000,001 to HK$2,000,000 (equivalent to approximately RMB792,501 to approximately RMB1,585,000) (2013: approximately RMB798,601 to approximately RMB1,597,200)	**2**	1
HK$2,000,001 to HK$3,000,000 (equivalent to approximately RMB1,585,001 to approximately RMB2,377,500) (2013: approximately RMB1,597,201 to approximately RMB2,395,800)	**1**	1
	3	2

No emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2014 and 2013.

The details of remuneration of member of senior management are disclosed in Corporate Governance Report of the annual report.

15. DIVIDENDS

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Dividends recognised as distribution during the year:		
2013 Final – HK1.21 cents		
(2013: 2012 Final – HK1.55 cents) per share	**30,615**	30,101

Final dividend for 2014

The final dividend of HK0.46 cents (or equivalent to RMB0.36 cents) per ordinary share in respect of the year ended 31 December 2014 has been proposed by the directors of the Company.

The final dividend for 2014 is subject to approval by the Company's shareholders in the forthcoming annual general meeting.

Final dividend for 2013

The final dividend of HK1.21 cents (or equivalent to RMB0.96 cents) per ordinary share in respect of the year ended 31 December 2013 was approved and paid during the year ended 31 December 2014.

16. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December 2014 and 2013 is based on the profit attributable to owners of the Company of RMB58,194,000 (2013: RMB141,247,000) and the weighted average of 3,138,506,729 (2013: 2,445,355,616) ordinary shares in issue during the year.

16. EARNINGS PER SHARE (continued)

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2014 and 2013 is based on the profit attributable to owners of the Company of RMB58,194,000 (2013: RMB141,247,000) and the weighted average of 3,164,368,244 (2013: 2,483,673,110) ordinary shares in issue during the year, calculated as follows:

	As at 31 December	
	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**3,138,506,729**	2,445,355,616
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	**25,861,515**	38,317,494
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,164,368,244**	2,483,673,110

17. PLANT AND EQUIPMENT

	Office equipments RMB'000	Leasehold improvements RMB'000	Motor vehicles RMB'000	Total RMB'000
COST				
At 1 January 2013	2,307	2,651	4,875	9,833
Exchange realignment	(13)	(13)	(136)	(162)
Acquisition of a subsidiary *(note 39)*	613	–	–	613
Additions	7,095	1,771	2,806	11,672
At 31 December 2013 and 1 January 2014	10,002	4,409	7,545	21,956
Exchange realignment	2	1	22	25
Acquisition of a subsidiary *(note 39)*	581	110	–	691
Disposal of subsidiaries *(note 40)*	(3,936)	(5,326)	(678)	(9,940)
Additions	5,862	7,439	–	13,301
Disposal/written off	(233)	(253)	–	(486)
At 31 December 2014	12,278	6,380	6,889	25,547
ACCUMULATED DEPRECIATION				
At 1 January 2013	1,027	2,029	1,244	4,300
Exchange realignment	(4)	(7)	(51)	(62)
Charge for the year	583	813	1,308	2,704
At 31 December 2013 and 1 January 2014	1,606	2,835	2,501	6,942
Exchange realignment	1	1	11	13
Disposal of subsidiaries *(note 40)*	(819)	(946)	(379)	(2,144)
Eliminated upon disposal/written off	(143)	(77)	–	(220)
Charge for the year	2,902	1,569	2,668	7,139
At 31 December 2014	3,547	3,382	4,801	11,730
NET BOOK VALUES				
At 31 December 2014	8,731	2,998	2,088	13,817
At 31 December 2013	8,396	1,574	5,044	15,014

17. PLANT AND EQUIPMENT (continued)

Depreciation is recognised so as to write off the cost of plant and equipment less their residual values, if any, using the straight line method over their estimated useful lives as follows:

Office equipments	3 – 10 years
Leasehold improvements	over the lease term
Motor vehicles	4 years

18. CLUB MEMBERSHIP

	Yacht club membership RMB'000
Cost	
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Additions	739
Exchange realignment	(2)
At 31 December 2014	737
Accumulated impairment loss	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	–
Carrying values	
At 31 December 2014	737
At 31 December 2013	–

The membership of the Royal Hong Kong Yacht Club is belonged to Vigo Hong Kong Investment Limited ("Vigo"), a wholly owned subsidiary of the Company, and it is a life-time membership which has no explicit legal life. This membership is transferrable with the approval of the general committee of the club.

19. INVESTMENT PROPERTY

	RMB'000
At 1 January 2013	–
Additions	437,323
Change in fair value recognised in profit or loss	75,677
At 31 December 2013 and 1 January 2014	513,000
Additions	51,761
Change in fair value recognised in profit or loss	10,239
At 31 December 2014	575,000

The above investment property is situated in the PRC under medium-term leases.

During the year ended 31 December 2013, a borrower had defaulted in the repayment of the entrusted loan of approximately RMB150,000,000. After negotiation with the borrower, the Group acquired the collateral, a property located in the PRC at total consideration of approximately RMB437,323,000. The consideration paid consisted of cost of the property approximately RMB396,000,000 and agency fee and other related tax approximately RMB41,323,000. Details are set out in the Company's announcement dated 10 December 2013.

All of the Group's property interest held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment property.

The fair value of investment property as at 31 December 2014 and 2013 have been arrived at on the basis of valuation carried out on the respective date by Roma Appraisals Limited ("Roma Appraisals"), an independent qualified professional valuer not connected to the Group.

The fair value of investment property was determined based on the market approach and was determined based on direct comparison method assuming sales of property interests in its existing state and marking references to comparable market observable transactions of similar properties in the same location and conditions as available in the relevant market.

19. INVESTMENT PROPERTY (continued)

There has been no charge from valuation technique used in prior years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 2 during the year.

Detail of the Group's investment property and information about Level 2 fair value measurement as at 31 December 2014 and 2013 are as follow:

	Valuation technique	Key input	Significant unobservable inputs
All Investment property	Market approach	Direct comparison method based on market observable transactions to similar properties and adjust to reflect the conditions and locations of the subject property.	N/A

20. INTANGIBLE ASSETS

	Domain name RMB'000	Licences RMB'000	Total RMB'000
Cost			
At 1 January 2013			
Additions through acquisition of subsidiaries	–	135,835	135,835
At 31 December 2013 and 1 January 2014	–	135,835	135,835
Addition through acquisition of a subsidiary *(note 39)*	475	–	475
At 31 December 2014	475	135,835	136,310
Accumulated impairment loss			
At 1 January 2013, 31 December 2013 and 1 January 2014 and 31 December 2014	–	–	–
Carrying values			
At 31 December 2014	475	135,835	136,310
At 31 December 2013	–	135,835	135,835

The licence belonged to 合肥市包河區建信小額貸款有限公司 ("合肥建信") has no explicit legal life and licence belonged to UCF Huisheng Investment (HK) Co., Limited ("UCF") has legal life of 5 years but are renewable every 5 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the licences continuously and has the ability to do so, and the licences have no foreseeable limit to the period over which the licenced products are expected to generate net cash flows for the Group. As a result, the licences are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The licences will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

20. INTANGIBLE ASSETS (continued)

During the year ended 31 December 2014, the Group acquired上海鋒之行汽車金融信息服務有限公司（"上海鋒之行"）and domain name in the website of approximately RMB475,000 was obtained from the business combination. The directors of the Company are of the opinion that the domain name has no foreseeable limit to the period over which the domain name is expected to generate net cash flows for the Group. As a result, the domain name is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The domain name will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purposes of impairment testing, licences with indefinite useful lives have been allocated to individual CGUs, being the subsidiaries, UCF and 合肥建信. A CGU for UCF is included in the segment of online third party payment service whereas another CGU for 合肥建信 is included in the segment of micro loan financing. Management of the Group determined that there are no impairments of any of the CGUs containing licences with indefinite useful life. The recoverable amount of the UCF and 合肥建信 have been determined based on a value-in-use calculation valued by Roma Appraisals, an independent qualified professional valuer not connected to the Group. The valuation adopted cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, with pre-tax discount rate of 30.4% (2013: 33.8%) and 26.1% (2013: 17.9%) per annum for UCF and 合肥建信 respectively. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3.2%. The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin of UCF and 合肥建信 represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. The discount rate used is pre-tax rates that reflect current market assessments of the risks specific to the relevant intangible assets.

For the purposes of impairment testing, domain name with indefinite useful lives have been allocated to individual CGU, being the subsidiary, 上海鋒之行 acquired during the year ended 31 December 2014. The CGU is included in the segment of P2P loan service. Management of the Group determines that there are no impairments of the CGU containing domain name with indefinite useful life. The recoverable amount of 上海鋒之行 have been determined based on a value-in-use calculation. The valuation adopted cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, with pre-tax discount rate of 29.7% per annum. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3.2%. The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin of 上海鋒之行 represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. The discount rate used is pre-tax rates that reflect current market assessments of the risks specific to the relevant intangible assets.

21. GOODWILL

	RMB'000
COST	
At 1 January 2013	–
Arising on acquisition of subsidiaries	37,820
At 31 December 2013 and 1 January 2014	37,820
Arising on acquisition of subsidiary *(note 39)*	5,394
At 31 December 2014	43,214
CARRYING VALUES	
At 31 December 2014	43,214
At 31 December 2013	37,820

For the purposes of impairment test, goodwill with indefinite useful lives has been allocated to individual CGUs, being the subsidiaries, UCF, 合肥建信 and 上海鋒之行.

The carrying amount of goodwill at the end of the reporting period is attributable to the respective CGUs as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
UCF	**35,844**	35,844
合肥建信	**1,976**	1,976
上海鋒之行	**5,394**	–
	43,214	37,820

21. GOODWILL (continued)

The Group conducted impairment review on goodwill attributable to the respective CGUs at the end of the reporting period by reference to the estimated recoverable amounts. The recoverable amounts of the UCF, 合肥建信 and 上海鋒之行 have been determined based on a value-in-use calculation. The valuation adopted used cash flow projections based on financial budgets approved by the directors of the Company covering a five-year period, with pre-tax discount rate of 30.4%, 26.1% and 27.5% (2013: 33.8%, 17.9% and nil) per annum for UCF, 合肥建信 and 上海鋒之行 respectively. The cash flows beyond the five-year period were extrapolated using a steady growth rate of 3.2% (2013: 3.2%). The growth rate was based on the relevant industry growth rate forecast and does not exceed the average long-term growth rate for the relevant industry. The key assumptions for the value-in-use calculation related to the estimation of cash flows included gross margin and discount rate. Gross margin of 合肥建信 represents budgeted gross margin, which is based on past performance and the management's expectation for the market development. In addition, the gross margin of UCF and 上海鋒之行 is based on the management's expectation for revenue growth and future market development. The discount rates used are pre-tax rates that reflect current market assessments of the risks specific to the relevant industry.

22. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVES EMBEDDED IN CONVERTIBLE BOND

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Available-for-sale investments comprise:		
Unlisted investments		
Equity securities *(note (a))*	**2,183**	1,125
Debt component of convertible bond at fair value *(note (b))*	**31,997**	32,675
Total	**34,180**	33,800
Analysed for reporting purposes as:		
Non-current assets	**1,125**	1,125
Current assets	**33,055**	32,675
	34,180	33,800
Derivatives embedded in convertible bond, at fair value *(note (b))*	**–**	(392)

22. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVES EMBEDDED IN CONVERTIBLE BOND (continued)

Notes:

(a) The unlisted equity securities were issued by private entities incorporated in the BVI. They are measured at cost less impairment at the end of the reporting period because the directors of the Company are of the opinion that its fair value cannot be measured reliably as the range of reasonable fair value estimate is so significants.

As set out in note 24, the Group accounted for the remaining 15% equity interests in Measure Up International Limited ("Measure Up") and its subsidiaries (collectively referred to as "Measure Up Group") at the date when the Group ceased to have joint control over Measure Up Group as an available-for-sale investment during the year ended 31 December 2014. Its fair value on initial recognition was approximately RMB1,058,000 and subsequently stated at cost less impairment at the end of the reporting period.

(b) The unlisted debt security represents a 12% coupon convertible bond (the "Convertible Bond") issued by China Fortune Financial Group Limited ("China Fortune") on 29 December 2011 with principal amount of approximately HK$40,385,000 (equivalent to approximately RMB33,055,000) received as the consideration to dispose of 35% of the equity interest in Measure Up, a joint venture, and an interest-free on-demand loan of approximately HK$32,308,000 (equivalent to approximately RMB26,334,000) due from Measure Up to the Group issued during the year ended 31 December 2011. China Fortune is a public limited company with its shares listed on the Main Board of The Stock Exchange of Hong Kong. The Convertible Bond bears 12% interest per annum with maturity on 28 December 2014. The Group can exercise the conversion option at anytime from the date of issue up to the maturity date. The conversion price is HK$0.20 per share (subject to adjustments). From the day immediately after the expiry of one year from the issue date, China Fortune may redeem all the outstanding Convertible Bond in whole at par. Unless previously redeemed or converted, China Fortune shall redeem the Convertible Bond at 100% of the principal amount at maturity date.

Upon maturity of the Convertible Bond on 28 December 2014, China Fortune did not redeem the Convertible Bond. The amount of approximately RMB31,997,000 due upon maturity remained outstanding at 31 December 2014. Details are set out in note 46(c).

22. AVAILABLE-FOR-SALE INVESTMENTS/DERIVATIVES EMBEDDED IN CONVERTIBLE BOND (continued)

(b) (continued)

The Group has designated the debt component of the Convertible Bond as available-for-sale investments on initial recognition.

	Debt component RMB'000	Derivatives components RMB'000	Total RMB'000
Carrying amount at 1 January 2013	34,054	28	34,082
Interest income credited to profit or loss	4,327	–	4,327
Change in fair value – in profit or loss	–	(420)	(420)
Change in fair value – in other comprehensive income	(754)	–	(754)
Interest receivable from China Fortune	(3,820)	–	(3,820)
Exchange realignment	(1,132)	–	(1,132)
As at 31 December 2013 and 1 January 2014	32,675	(392)	32,283
Interest income credited to profit or loss	4,327	-	4,327
Change in fair value – in profit or loss	–	394	394
Change in fair value – in other comprehensive expense	(1,334)	–	(1,334)
Interest received from China Fortune	(3,839)	–	(3,839)
Exchange realignment	168	(2)	166
As at 31 December 2014	31,997	–	31,997

The fair value of debt component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the Convertible Bond issuer and remaining time to maturity. The effective interest rate of the debt element of the Convertible Bond is 9.09%.

The fair value of each of the debt and derivative components of the Convertible Bond on initial recognition and at the end of the reporting period are determined by the directors of the Company with reference to the valuation performed by Roma Appraisals, an independent valuer not connected with the Group. Details are set out in note 6.

23. INTERESTS IN ASSOCIATES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of investment, unlisted	**4,000**	4,000
Share of post-acquisition loss and other comprehensive expense	**(3,647)**	(2,975)
	353	1,025
Amounts due from associates	**–**	525

The amounts due from associates were unsecured, interest-free and repayable on demand.

Details of each of the Group's material associates as at 31 December 2014 and 2013 are as follows:

Name of entity	Place of establishment and operation	Percentage of nominal value of registered capital held by the Group				Principal activity
		Directly		Indirectly		
		2014	2013	**2014**	2013	
上海深鵬投資管理有限公司 (“上海深鵬”)	The PRC	**N/A**	N/A	**40%**	40%	Investment holding
深圳深鵬投資管理有限公司 *(Note (a))*	The PRC	**N/A**	N/A	**40%**	40%	Investment holding
海口申鵬投資顧問有限公司 *(Note (a))*	The PRC	**N/A**	N/A	**40%**	40%	Investment holding

23. INTERESTS IN ASSOCIATES (continued)

Note:

(a) Wholly-owned subsidiaries of 上海深鵬, and together with 上海深鵬, referred as 上海深鵬 Group.

上海深鵬 Group is the only associate that is material to the Group. The summarised financial information below represents amounts extracted from the associate's management accounts prepared in accordance with HKFRSs.

上海深鵬 Group is accounted for using the equity method in these consolidated financial statements.

上海深鵬 Group:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**6,722**	8,301
Non-current assets	**426**	771
Current liabilities and total liabilities	**(6,265)**	(6,509)

23. INTERESTS IN ASSOCIATES (continued)

上海深鵬 Group: (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**–**	–
Loss for the year	**1,680**	4,900
Total other comprehensive income for the year	**–**	–
Total comprehensive expense for the year	**1,680**	4,900

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Net assets of the associates	**883**	2,563
Proportion of the Group's ownership interests in the associates	**40%**	40%
Carrying amount of the Group's interests in the associates	**353**	1,025

24. INTERESTS IN JOINT VENTURES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	**7,936**	860
Share of post-acquisition (loss)/profit and other comprehensive (expenses)/income	**(1,706)**	1,957
	6,230	2,817
Amounts due from joint ventures	**5,196**	55,089

24. INTERESTS IN JOINT VENTURES (continued)

The amounts due from joint ventures are unsecured, interest-free and repayable on demand.

Details of the joint ventures as at 31 December 2014 and 2013 are as follows:

Name of entity	Form of entity	Place of incorporations establishment and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group 2014	2013	Principal activity
Measure Up *(Note (c))*	Limited liability company	The BVI	Ordinary shares	–	35%	Investment holding
*Lucky Target Property Agency Limited *(Note (c))*	Limited liability company	Hong Kong	Ordinary shares	–	35%	Investment holding
*融通融資租賃(上海)有限公司 *(Note (c))*	Limited liability company	The PRC	Registered share capital	–	35%	Provision of finance lease service
Absolute Wise *(Note(a))*	Limited liability company	Hong Kong	Ordinary shares	**51%**	51%	Investment holding
Zither Clubhouse Limited ("Zither") *(Note (b))*	Limited liability company	Hong Kong	Ordinary shares	**50%**	–	clubhouse and restaurant business

* *Wholly-owned subsidiaries of Measure Up, and together with Measure Up, referred to as Measure Up Group.*

24. INTERESTS IN JOINT VENTURES (continued)

As at 31 December 2013, the unlisted investments in joint ventures represented the 35% equity interest in Measure Up and 51% equity interest in Absolute Wise. The Group holds 35% of the ordinary shares of Measure Up and controls 35% of the voting power in the general meeting. However, under a shareholders' agreement, the major financing and operational decisions of Measure Up should be unanimously approved by the Group and another venturer. Therefore, Measure Up Group is regarded as joint ventures of the Group.

As at 31 December 2014, the unlisted investments in joint ventures represented the 51% equity interest in Absolute Wise and 50% equity interest in Zither. The Group holds 50% of the ordinary shares of Zither and controls 50% of the voting power in the general meeting. The major financing and operational decisions of Zither should be unanimously approved by Standhill Holdings Limited ("Standhill"), a wholly owned subsidiary of the Company, and another venturer. Therefore, Zither is regarded as a joint venture of the Group. The equity interests in Measure Up Group have been reduced from 35% to 15% during the year as set out in note (c). Subsequent to partial disposal of equity interests in Measure Up Group, the Group ceased to have no joint control over Measure Up Group and the remaining 15% equity interests is accounted for as an available-for-sale investment as set out in note 22.

Notes:

(a) On 23 October 2013, following the deemed disposal of 49% equity interests in Absolute Wise as detailed in note 41, the casting vote of the chairman of the board of directors of Absolute Wise appointed by the Group was removed and the Group remains 50% voting rights in the board of directors of Absolute Wise which governs the relevant activities of Absolute Wise. However, since at least 51% of the voting rights are required to make decisions about the relevant activities, the directors of the Company considered the joint control arrangement has been established because decisions about the relevant activities cannot be made without both parties agreeing. Absolute Wise became a joint venture of the Group.

(b) On 7 October 2014, Standhill entered into an agreement with another venturer. Pursuant to the agreement, Standhill and another venturer has each to contribute HK$10,000,000 (equivalent to approximately RMB7,923,000) for 5,000 shares in Zither. On 27 October 2014, Zither was established.

(c) Pursuant to an agreement dated 23 December 2014 signed between Ever Step and an independent third party, Ever Step disposed of 20% equity interests in Measure Up at approximately RMB1,450,000 and amount due from Measure Up to Ever Step of approximately RMB59,248,000 (the "Sale Loan") at approximately RMB59,248,000 (the "Measure Up Group Disposal"). The Measure Up Group Disposal was completed on 29 December 2014.

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures

Zither:

The summary financial information in respect of the Group's material joint ventures, Zither Clubhouse Limited, which are accounted for using the equity method is set out below:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**9,448**	N/A
Non-current assets	**12,731**	N/A
Total assets	**22,179**	N/A
Current liabilities	**(9,749)**	N/A
Non-current liabilities	**–**	N/A
Total liabilities	**(9,749)**	N/A

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Cash and cash equivalents	**8,670**	N/A
Current financial liabilities (excluding trade and other payables and provisions)	**–**	N/A
Non-current financial liabilities (excluding trade and other payables and provisions)	**–**	N/A

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures (continued)

Zither: (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Total revenue	**–**	N/A
Total loss for the year	**(3,415)**	N/A
The Group's share of results	**(1,708)**	N/A

The above profit for the year includes the following (income) expenses:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Depreciation	**–**	N/A
Interest income	**–**	N/A
Interest expenses	**–**	N/A
Income tax expenses	**–**	N/A

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures (continued)

Zither: (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the joint ventures recognised in the consolidated financial statements:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Net asssts of the joint venture	**12,430**	N/A
Proportion of the Group's interests in the joint ventures	**50%**	N/A
Carrying amount of the Group's interests in the joint ventures	**6,215**	N/A

Measure Up Group:

The summary financial information in respect of the Group's material joint ventures, Measure Up Group, which are accounted for using the equity method is set out below:

	At 31 December 2014	At 31 December 2013
	RMB'000	RMB'000
Current assets	**N/A**	175,965
Non-current assets	**N/A**	15,329
Total assets	**N/A**	191,294
Current liabilities	**N/A**	(181,560)
Non-current liabilities	**N/A**	(1,780)
Total liabilities	**N/A**	(183,340)

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures (continued)

Measure Up Group: (continued)

The above amounts of assets and liabilities include the following:

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Cash and cash equivalents	**N/A**	11,973
Current financial liabilities (excluding trade and other payables and provisions)	**N/A**	(166,188)
Non-current financial liabilities (excluding trade and other payables and provisions)	**N/A**	(1,780)

	1 January 2014 to 29 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Total revenue	**7,636**	8,755
Total profit for the year	**(618)**	4,254
The Group's share of results	**(220)**	1,489

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures (continued)

Measure Up Group: (continued)

The above profit for the year includes the following (income)/expenses:

	1 January 2014 to 29 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Depreciation	**540**	1,777
Interest income	**(65)**	(79)
Interest expenses	**2,428**	657
Income tax expenses (credit)	**11**	(11)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the joint ventures recognised in the consolidated financial statements:

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Net assets of the joint ventures	**N/A**	7,954
Proportion of the Group's interests in the joint ventures	**N/A**	35%
Carrying amount of the Group's interests in the joint ventures	**N/A**	2,784

24. INTERESTS IN JOINT VENTURES (continued)

(i) Summarised financial information of material joint ventures (continued)

Measure Up Group: (continued)

Regarding to the Measure Up Group disposal, the Group has accounted for the remaining 15% equity interest as an available-for-sale investment whose fair value at the date of disposal was RMB1,058,000, which was determined by reference to an exit price under negotiation with an independent third party to sell this remaining 15% equity interest at 31 December 2014. This transaction has resulted in the recognition of a loss in profit or loss, calculated as follows.

	RMB'000
Total consideration of disposal	60,698
Plus: fair value of investment retained (15%)	1,058
Less: carrying amount of the investment on the date of loss of joint control	(2,564)
carrying amount of amount due from Measure Up Group to the Group	(59,248)
Loss on disposal of joint ventures	(56)

(ii) Summarised financial information of immaterial joint ventures

The financial information and carrying amount, in aggregate, of the Group's interests that are not individually material and are accounted for using the equity method is set out below:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
The Group's share of (loss) profit	**(17)**	19
The Group's share of other comprehensive income	**–**	–
The Group's share of total comprehensive (expenses) income	**(17)**	19

24. INTERESTS IN JOINT VENTURES (continued)

(ii) Summarised financial information of immaterial joint ventures (continued)

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Carrying amount of the Group's interests in immaterial joint ventures	**15**	33

25. TRADE RECEIVABLES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Trade receivables	**17,793**	–
Less: allowance for doubtful debts	**–**	–
	17,793	–

The Group allows an average credit period of 90 to 180 days to its trade customers. The Group does not hold any collateral over the trade receivables. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date at the end of each reporting period and as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
0 – 90 days	**9,243**	–
91 – 180 days	**8,550**	–
	17,793	–

The amounts are not past due as at the reporting period and for which the Group has not provided for impairment loss.

26. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Loan receivables		
Secured loans		
Pawn loans to customers	**5,800**	6,100
Real estate-backed loans to customers	**2,047**	99,500
Entrusted loans to customers	**622,017**	383,218
Other loans to customers	**200,004**	204,774
Micro loans to customers	**–**	5,816
	829,868	699,408
Unsecured micro loans to customers	**30,121**	210,900
Unsecured other loans to customers	**6,756**	90,648
Less: Allowance for unsecured micro loan receivables	**(3,903)**	–
	862,842	1,000,956
Prepayments and other receivables		
Prepayments and other receivables	**183,536**	44,738
	1,046,378	1,045,694
Loan receivables analysed for reporting purposes as:		
Non-current assets	**–**	157,141
Current assets	**862,842**	843,815
	862,842	1,000,956

26. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

The pawn loans to customers arising under the Group's pawn loans business had an average loan period of 90 days (2013: 90 days). The real estate-backed loans had an average loan period of 90 days to 1 year (2013: 90 days to 1 year). The entrusted loans to customers arising from the Group's entrusted loan business had an average loan period of 90 days to 1 year (2013: 90 days to 1 year). The other loans to customers arising from the Group's other loans business had an average loan period of 1 year (2013: 1 year). The secured and unsecured micro loans to customers arising from the Group's microfinance business had an average loan period of 1 year (2013: 1 year). The unsecured other loans to customers had an average loan period of 1 year to 2 years (2013: 1 year to 2 years). The loans provided to customers bore fixed interest rate ranging from 0.5% to 2.5% per month (2013: 0.3% to 2.5% per month) and were repayable according to the loan agreements. Included in the gross balances are loans of approximately RMB423,038,000 (2013: RMB352,634,000) secured by real estates in the PRC, approximately RMB165,075,000 (2013: RMB346,774,000) secured by other assets including equities in private entities, approximately RMB73,828,000 (2013: nil) secured by real estate in the PRC and the Company's shares and approximately RMB167,927,000 (2013: nil) guaranteed by guarantors.

Included in the loan receivables were balances of approximately RMB622,017,000 (2013: RMB383,218,000) which represented entrusted loans to customers through licensed banks in the PRC.

As at 31 December 2013, micro loans included loan receivables under repurchase agreement of approximately RMB30,000,000 (note 33).

As at 31 December 2014, the Group held collaterals with value of approximately RMB2,687,591,000 (2013: RMB3,738,396,000) in total over the financing advances to customers.

(a) Ageing analysis

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within 90 days	**510,560**	525,610
91 to 180 days	**39,565**	255,777
181 to 365 days	**85,579**	159,871
Over 365 days	**227,138**	59,698
	862,842	1,000,956

26. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

(a) Ageing analysis (continued)

The above ageing analysis is presented based on the date of loans granted to customers.

The Group's financing advances to customers included in the loan receivables are due as of the due date specified in respective loan agreements.

(b) Loan receivables that are not impaired

Included in the Group's loan receivable balances were secured debtors with aggregate carrying amount of approximately RMB249,876,000 (2013: RMB141,312,000) which were past due as at the reporting date for which the Group has not provided for impairment loss. For the amount of RMB249,876,000 (2013: RMB140,883,000), the Group holds collaterals amounting to approximately RMB2,060,600,000 (2013: RMB269,607,000) in respect of such loan receivables as at 31 December 2014.

The ageing of loan receivables which were past due but not impaired is as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Not yet past due		
Current	**612,966**	859,644
Past due but not impaired		
Within 90 days	**–**	429
91 to 180 days	**49,585**	72,000
181 to 365 days	**59,208**	68,883
Over 365 days	**141,083**	–
	249,876	141,312
	862,842	1,000,956

26. LOAN RECEIVABLES, PREPAYMENTS AND OTHER RECEIVABLES (continued)

(b) Loan receivables that are not impaired (continued)

Movement in the allowance for loan receivables:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
At 1 January	**–**	–
Impairment losses recognised on loan receivables	**29,046**	–
Disposal of subsidiaries	**(25,143)**	–
At 31 December	**3,903**	–

The Group's neither past due nor impaired loan receivables mainly represented loans granted to creditworthy customers for whom there was no recent history of default, and secured by the collaterals which value were higher than the carrying value of the loan receivables.

During the year ended 31 December 2014, the Group had successfully auctioned the collateral of one real-estate backed loan defaulted in 2012 with carrying value of RMB49,500,000. Further to the principal recovered through auction during the year, interests and related penalties of approximately RMB6,136,000 was received subsequent to the year end date upon the court order.

During the year ended 31 December 2013, the Group had successfully auctioned the collateral of one entrusted loan defaulted in 2012 with carrying value of approximately RMB50,000,000.

For the above past due but not impaired loan receivables with amount of approximately RMB78,291,000 (2013: RMB140,883,000), the Group had taken legal action to auction the properties under collateral.

Prepayments and other receivables

Included in the amounts are consideration receivable of approximately RMB73,445,000 (2013: nil) for the disposal of China Runking Financing Group Holdings Limited ("China Runking"), a non-wholly owned subsidiary of the Company as set out in note 40. In addition after the disposal of China Runking and Measure Up Group, amounts due from China Runking and its subsidiaries of approximately RMB24,849,000 and Measure Up Group of approximately RMB59,017,000 were included in other receivables as at 31 December 2014.

27. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The amounts were unsecured, interest-free and repayable on demand.

28. AMOUNTS DUE FROM (TO) NON-CONTROLLING SHAREHOLDERS

The amounts were unsecured, interest-free and repayable on demand.

29. BANK BALANCE – TRUST ACCOUNT/FUNDS PAYABLES AND AMOUNTS DUE TO CUSTOMERS

The Group maintains a segregated trust account with a licensed bank to hold customers' monies arising from its online third party payment service business. The Group has classified the customers' monies as bank balance – trust account under the current assets of the consolidated statement of financial position and recognised the corresponding payables to respective customers as funds payable to customers. The Group entitles to interests generated by the bank but is restricted to use the customers' monies to settle its own obligations.

30. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances and cash and pledged bank deposits carry interest at market rates ranging from 0.01% to 0.385% (2013: 0.01% to 1.5%) per annum.

Pledged bank deposits represents deposits pledged to banks to secure the short-term bank borrowings (2013: long term bank borrowing) and are therefore classified as current assets (2013: non-current assets).

The Group's bank balances and cash and pledged bank deposits denominated in currencies other than functional currency of the relevant group entities are set out as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
HK$	**32**	66
RMB	**205**	130
US$	**7,371**	11,644
	7,608	11,840

31. ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Other payables and accrued expenses *(Note (a))*	**142,138**	19,035
Consideration payable for acquisition of remaining interests in a subsidiary	**6,992**	4,000
	149,130	23,035
Financing service income receipts in advance *(Note (b))*	**11,946**	11,416
	161,076	34,451

Notes:

(a) Included in the balance, there is an advance of RMB82,000,000 (2013: nil) from an independent third party, which is unsecured, interest-free and repayable on demand. The amount was subsequently repaid on 6 January 2015.

(b) Financing service income receipts in advance represents the deferred income arose from the difference between loan receivables and the actual fund transferred to the customers at the inception of loan granted in accordance with the respective loan agreements and the deferred income will be recognised as interest income over the loan period.

32. BORROWINGS

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Secured bank loans	**211,845**	210,468
Unsecured bank loans	**67,800**	39,025
Unsecured other loans	**8,734**	48,548
Unsecured entrusted loans	**–**	136,000
	288,379	434,041
Carrying amount repayable*:		
Within one year	**288,379**	214,884
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**–**	219,157
	288,379	434,041
Less: amounts due within one year shown under current liabilities	**(288,379)**	(434,041)
Amounts show under non-current liabilities	**–**	–

* *The amounts due are based on scheduled repayment dates set out in the loan agreements.*

As at 31 December 2014, bank loans of approximately RMB211,845,000 (2013: RMB210,468,000) were secured by the pledged bank deposits (note 30) and guarantee provided by the Bank of Ningbo.

As at 31 December 2014, bank loans of RMB24,000,000 (2013: approximately RMB39,025,000) were guaranteed by independent third parties which provide guarantee service. Included in the amount as at 31 December 2013 of approximately RMB19,531,000 was in counter-guaranteed arrangement by the Company and a non-controlling shareholder for a subsidiary and approximately RMB19,494,000 was counter-guaranteed by the Company for a subsidiary.

32. BORROWINGS (continued)

As at 31 December 2014, none (2013: approximately RMB39,860,000) of the unsecured other loan was guaranteed by Mr. Ting Pang Wan, Raymond, a former director of the Company resigned on 7 July 2014.

Bank and other loans of approximately RMB76,534,000 (2013: RMB223,573,000) are at fixed interest rates of 9% to 12% p.a. (2013: 7% to 24%) during the year.

The effective interest rates of borrowings at the end of the reporting period as follows:

	As at 31 December	
	2014	2013
Bank and other loans	**7.6%**	15%

33. FINANCIAL ASSETS SOLD UNDER REPURCHASE AGREEMENT

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Benefit rights of loans and advance to customers	**–**	29,914

During the year ended 31 December 2013, the Group entered into a repurchase transaction to principally finance the micro loan financing business through the over-the-counter trading platform offered by the Chongqing Financial Assets Exchange. The Group sold a portion of the unsecured micro loans to investors under repurchase agreements and the Group agreed to repurchase the respective loan receivables sold at pre-determined prices within 6 months to 1 year. The above amounts were guaranteed by a third party which provides guarantee service, and at the same time, counter-guaranteed by the Company and a non-controlling shareholder.

Details of the carrying values of underlying assets of financial assets sold under repurchase agreement are set out in note 26.

The amounts are included in China Runking Group which has been disposed of by the Group during the year ended 31 December 2014.

34. DEFERRED TAX LIABILITIES

The movements in deferred tax liabilities during the year are as follows:

	Withholding tax on undistributed profit of subsidiaries in the PRC RMB'000	Revaluation of investment property RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Total RMB'000
At 1 January 2013	4,448	–	–	4,448
Charged to profit or loss	2,009	33,812	–	35,821
Fair value adjustment arising from acquisition of subsidiaries	–	–	33,959	33,959
At 31 December 2013	6,457	33,812	33,959	74,228
Charged to profit or loss	1,236	3,200	–	4,436
Disposal of subsidiaries *(Note 40)*	(470)	–	–	(470)
At 31 December 2014	7,223	37,012	33,959	78,194

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards.

At 31 December 2014, the Group had unused tax losses of approximately RMB69,598,000 (2013: RMB52,092,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax loss (2013: nil) due to the unpredictability of future profit streams. The unrecognised tax losses of approximately RMB8,000 (2013: RMB1,532,000) and RMB1,209,000 (2013: RMB1,209,000) will expire in 2016 and 2017 respectively. The remaining tax loss may be carried forward indefinitely.

35. CORPORATE BONDS

		As at 31 December	
		2014	2013
	Notes	**RMB'000**	RMB'000
2-year 11% fixed rate bonds	(a)	**–**	255,611
2-year 9.5% fixed rate bonds	(b)	**161,873**	–
7.5-year 5.5% fixed rate bonds	(b)	**41,945**	–
		203,818	255,611
Represented by:			
Non-current portion		**203,818**	–
Current portion		**–**	255,611
		203,818	255,611

Notes:

(a) As at 31 December 2013, the balance represented corporate bonds with principal amounts of RMB250,000,000 which are due on 18 September 2014, carry interest at fixed rate of 11% per annum with interest payable semi-annually in arrears on 18 March and 18 September of each year. The corporate bonds are unsecured.

(b) As at 31 December 2014, the balances represented the following corporate bonds:

(i) principal amount of HK$200,000,000 which is due on 8 July 2016, carries interest at fixed rate of 9.5% with interest payable semi-annually in arrears on 8 January and 8 July of each year. The corporate bonds are unsecured and discounted at an effective interest rate of 11.3% per annum.

(ii) principal amount of HK$60,000,000 which is due on 24 April 2022, carries interest at a fixed rate of 5.5% with interest payable semi-annually in arrears on 24 April and 24 October of each year. The corporate bonds are unsecured and discounted at an effective interest rate of 7.7% per annum for HK$50,000,000 and 8.8% per annum for HK$10,000,000.

36. SHARE CAPITAL

	Number of shares	Share capital	
		Presented as	
	'000	HK$'000	RMB'000
Ordinary shares of HK$0.1 each			
Authorised			
At 1 January 2013, 31 December 2013 and 2014	20,000,000	2,000,000	N/A
Issued and fully paid			
At 1 January 2013	2,127,000	212,700	180,649
Exercise of share options *(Note a)*	98,800	9,880	7,892
Issue of share upon placing *(Note b)*	240,000	24,000	19,462
Issue of shares for acquisition of a subsidiary *(Note c)*	477,800	47,780	37,770
At 31 December 2013	2,943,600	294,360	245,773
Issue of shares upon placing *(Note d)*	200,000	20,000	15,890
Exercise of share options *(Note e)*	77,556	7,755	6,073
At 31 December 2014	3,221,156	322,115	267,736

Notes:

(a) During the year ended 31 December 2013, 76,800,000 and 22,000,000 share options had been exercised by certain directors, employee and business associates of the Company at subscription price of HK$0.2604 and HK$0.4725 per share respectively for a total consideration of approximately HK$30,394,000 (equivalent to approximately of RMB24,336,000), resulting in an issue of 98,800,000 new ordinary shares of HK$0.1 each. The new share rank pari passu with the existing shares in all respect.

36. SHARE CAPITAL (continued)

Notes: (continued)

(b) On 18 January 2013, arrangements were made for a private placement to independent private investors of 240,000,000 ordinary shares of HK$0.10 each in the Company held by Kaiser Capital, the substantial shareholder of the Company, at a price of HK$0.80 per share representing a discount of approximately 13.98% to the closing market price of the Company Shares on 17 January 2013.

Pursuant to a subscription agreement of the same date, Kaiser Capital arranged to subscribe for 240,000,000 new shares of HK$0.10 each in the Company at a price of HK$0.80 per share. The proceeds amounted to HK$192,000,000 (equivalent to approximately of RMB155,696,000) (before share issue expenses of HK$4,167,000 (equivalent to approximately of RMB3,379,000)) and resulted in the increase in share capital and share premium account of the Company by HK$24,000,000 and HK$163,833,000 (equivalent to approximately of RMB19,462,000 and RMB136,234,000) respectively. The net proceeds were used for the Group's working capital and general corporate purposes. These new shares were issued under the general mandate granted to the directors of the Company at the annual general meeting of the Company held on 27 April 2012 and rank pari passu with other shares in issue in all respects. The placing and the subscription were completed on 23 January 2013 and 28 January 2013.

(c) On 27 November 2013, 477,800,000 new ordinary shares of HK$0.10 each were issued at HK$310,570,000 (equivalent to approximately RMB245,505,000) as consideration of the acquisition of entire equity interests in UCF. The consideration shares were credited as fully paid upon completion of the acquisition on 27 November 2013 at the closing published price of the share of the Company of HK$0.65 per share on 27 November 2013, and resulted in the increase in share capital and share premium account of the Company by HK$47,780,000 and HK$262,790,000 (equivalent to approximately of RMB37,770,000 and RMB207,735,000) respectively. The new share rank pari passu with the existing shares in all respect.

(d) On 21 January 2014, the Company entered into a subscription agreement with Zeleste International Limited ("Zeleste") pursuant to which Zeleste has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 100,000,000 shares at the subscription price of HK$0.80 per subscription share. On 14 February 2014, the Company entered into a subscription agreement with Grandaccum Limited ("Grandaccum") pursuant to which Grandaccum has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 100,000,000 shares at the subscription price of HK$0.80 per subscription share. The above subscription agreements were completed and 200,000,000 ordinary shares of HK$0.10 each were issued and allotted on 21 March 2014 for a total consideration of HK$160,000,000 (equivalent to approximately of RMB127,120,000).

(e) During the year ended 31 December 2014, 12,660,000 and 64,896,000 share options had been exercised by certain directors, employee and business associates of the Company at two subscription prices of HK$0.74 and HK$1.005 per share for directors and three subscription prices of HK$0.475, HK$0.74 and HK$1.005 per share for employee and business associates for a total consideration of approximately HK$65,253,000 (equivalent to approximately of RMB51,025,000), resulting in an issue of 77,556,000 new ordinary shares of HK$0.1 each. The new share rank pari passu with the existing shares in all respect.

37. COMMITMENT

Operating lease arrangement

The Group as lessor

Property rental income earned during the year was approximately RMB670,000 (2013: RMB1,479,000). The property is expected to generate rental yields of 0.36% (2013: 0.29%) per annum.

The Company had contracted with tenant for the following future minimum lease payments:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within one year	**–**	1,448
In the second to fifth years inclusive	**–**	–
	–	1,448

The Group as lessee

The Group leases certain of its staff quarters and offices under operating lease arrangements. The leases typically run for an initial period of three months to three years. Lease payments are usually increased annually to reflect market rentals. No provision for contingent rent and terms of renewal was established in the leases.

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Within one year	**14,684**	8,094
In the second to fifth years inclusive	**13,466**	2,958
	28,150	11,052

37. COMMITMENT (continued)

Capital expenditure commitment

At the end of the reporting period, the Group had the following capital commitments:

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Capital expenditure contracted for but not provided for in respect of:		
Acquisition of plant and equipment	**5,771**	751
Acquisition of club membership	**–**	384
	5,771	1,135

38. RETIREMENT BENEFITS SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance. Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries or up to a maximum of HK$1,500 (2013: HK$1,250) and they can choose to make additional contributions. The employer's monthly contributions are calculated at 5% of the employee's monthly salaries or up to a maximum of HK$1,500 (2013: HK$1,250) (the "Mandatory Contributions"). The employees are entitled to 100% of the employer's Mandatory Contributions upon their retirement at the age of 65, death or total incapacity.

Employees of the subsidiaries in the PRC are members of the state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefit to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the required contributions.

38. RETIREMENT BENEFITS SCHEMES (continued)

There were no forfeited contributions utilised to offset employers' contributions for the year. The employers' contributions which have been dealt with in the consolidated statements of profit or loss and comprehensive income were as follows:

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Employers' contributions charged to the consolidated statements of profit or loss and other comprehensive income	**5,176**	2,170

At 31 December 2014 and 31 December 2013, there was no forfeited contribution available to reduce the contributions payable in the future years.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES

For the year ended 31 December 2014

Acquisition of 上海鋒之行

On 6 May 2014, the Group acquired 80% equity interest in the registered capital of 上海鋒之行, at a consideration of RMB5,000,000 which was satisfied by cash. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB5,394,000. 上海鋒之行 is engaged in the development and operation of automobile financing products.

Goodwill arose in the acquisition of 上海鋒之行 because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit to allow the Group to leverage the automobile financing products and services in the PRC. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2014 (continued)

Acquisition of 上海鋒之行 (continued)

Consideration transferred

	RMB'000
Cash	5,000

No acquisition-related cost of the transaction is incurred during the year ended 31 December 2014.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Plant and equipment	691
Intangible assets	475
Prepayments and other receivables	6,344
Amount due from non-controlling shareholders	1,250
Cash and cash equivalents	5,103
Accruals and other payables	(14,356)
Net liabilities identified	(493)

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	5,000
Add: Net liabilities identified	493
Less: 20% non-controlling interests	(99)
Goodwill arising on acquisition	5,394

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2014 (continued)

Acquisition of 上海鋒之行 (continued)

Net cash inflow on acquisition of 上海鋒之行

	RMB'000
Cash consideration paid	(5,000)
Less: cash and cash equivalent balances acquired	5,103
	103

Non-controlling interests

Non-controlling interests recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the acquiree's identifiable net liabilities.

Included in the profit for the year is approximately RMB10,472,000 loss attributable to the additional business generated by 上海鋒之行. Revenue for the year includes approximately RMB8,115,000 generated from 上海鋒之行.

Had the acquisition been completed on 1 January 2014, the total amount of revenue of the Group for the year would have been RMB375,141,000, and net profit for the year would have been RMB59,505,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had 上海鋒之行 been acquired at the beginning of the current year, the directors of the Company have:

– calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2014 (continued)

Acquisition of 上海鋒之行 (continued)

Non-controlling interests (continued)

– determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

Acquisition of additional interest in Leading Finance Services Holdings Limited ("Leading Finance")

On 20 February 2014, Leading Finance, a wholly-owned subsidiary of Silver Faith Holdings Limited ("Silver Faith"), an indirect wholly owned subsidiary of the Company, allotted additional shares to two independent third parties and the Group's interests in Leading Finance was diluted.

In March 2014 and October 2014, the Group entered into various agreements to effectively acquire additional interests in Leading Finance in steps. By completion of such transactions, the Group effectively holds 100% equity interest in aggregate in Leading Finance.

The above transactions are accounted for as equity transactions and resulted in capital injection from non-controlling interests amounted to approximately RMB6,968,000 and consideration paid by the Group for additional interests in Leading Finance of approximately RMB6,968,000.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013

Acquisition of additional interests in Worthy Trade Limited ("Worthy Trade") and Sino Ever Holdings Limited ("Sino Ever")

During the year, the Group acquired the remaining equity interests of 20% in Worthy Trade at a consideration of approximately RMB81,010,000 and remaining equity interests of 30% in Sino Ever at a consideration of approximately RMB83,000. The non-controlling interests in Worthy Trade and Sino Ever recognised at the acquisition date were measured by reference to the proportionate share of the recognised amounts of net assets of Worthy Trade and Sino Ever respectively. Upon the completion of the acquisition, Worthy Trade and Sino Ever became the wholly-owned subsidiaries of the Group.

	Worthy Trade RMB'000	Sino Ever RMB'000	Total RMB'000
Consideration paid	81,010	83	81,093
Waiver of amount due to a non-controlling shareholder	(159)	–	(159)
Non-controlling interests	(4,785)	162	(4,623)
	76,066	245	76,311

The above changes in the Group's ownership interest in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

Acquisition of 合肥建信

On 13 November 2013, the Group acquired 100% of the paid up capital of 合肥建信 at a consideration of approximately RMB48,409,000 which was satisfied by cash. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB1,976,000. 合肥建信 is engaged in the provision of micro loan financing service in Hefei. 合肥建信 was acquired so as to continue the expansion of the Group's micro loan financing service.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of 合肥建信 (continued)

Consideration transferred

	RMB'000
Cash	48,409

No acquisition-related cost of the transaction is incurred during the year ended 31 December 2013.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Intangible assets	3,821
Cash and cash equivalents	44,409
Trade and other payables	(842)
Deferred tax liabilities	(955)
Net assets acquired	46,433

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	48,409
Less: net assets acquired	(46,433)
Goodwill arising on acquisition	1,976

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of 合肥建信 (continued)

Goodwill arose in the acquisition of 合肥建信 because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development of micro loan financing business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of 合肥建信

	RMB'000
Cash consideration paid	48,409
Less: cash and cash equivalent balances acquired	(44,409)
	4,000

Included in the profit for the year is approximately RMB316,000 attributable to the additional business generated by 合肥建信. Revenue for the year includes approximately RMB250,000 generated from 合肥建信.

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been RMB273,990,000, and net profit for the year would have been RMB156,478,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of 合肥建信 (continued)

In determining the pro forma revenue and profit of the Group had 合肥建信 been acquired at the beginning of the current year, the directors of the Company have:

– calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

– determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

Acquisition of UCF

On 27 November 2013, the Group acquired 100% of the issued share capital of UCF at a consideration of HK$310,570,000 (equivalent to approximately RMB245,505,000) which was satisfied by allotting and issuing 477,800,000 new ordinary shares of the Company of HK$0.10 each. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB35,844,000. UCF is an investment holding company and its subsidiaries (collectively referred as "UCF Group") are engaged in provision of online third party payment services and prepaid card issuance business. UCF Group was acquired so as to diversify the Group's business and broaden its sources of income in PRC.

Consideration transferred

	RMB'000
Fair value of shares issued	245,505
Less: contingent consideration receivable	(8,920)
Total	236,585

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of UCF (continued)

The fair value of the ordinary shares of the Company, which was determined using the closing published price on the date of the acquisition (note 36(c)), amounted to HK$310,570,000. (equivalent to approximately RMB245,505,000)

Pursuant to the sales and purchase agreement, in the event that the audited consolidated net profit after taxation ("PAT") of the UCF Group for the year ending 31 December 2014 is less than HK$35,000,000, the vendor shall compensate the Group in cash of an amount equivalent to the shortfall between the PAT and HK$35,000,000, times a multiple of 8.19.

The Group has recognised the above contingent consideration receivable at the fair value of approximately RMB8,920,000 at acquisition date which was determined based on the valuation carried out by Roma Appraisals by using income approach and with reference to the expected post-acquisition performance of the acquired business. Judgement is applied to determine key assumptions (such as growth rate, margins and discount rate) adopted in the estimate of post-acquisition performance of the acquired business. Changes to key assumptions may impact the future payable amount. Contingent consideration receivable shall be re-measured at fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income in accordance with HKFRS 3 (Revised).

The valuation of contingent consideration receivable at initial recognition is based on the projected PAT forecasted by UCF's management. The key assumptions adopted in projecting the future PAT including 26% sales growth for the first year and a terminal growth beyond the first five years period using the estimated growth rates not exceeding the long-term average growth rates of 3.2% for similar business operates. Management determined these key assumptions based on their experience in the industry and expectations on market development. A discount rate of 33.8% that reflects specific risks related to UCF Group was adopted.

The fair value measurement of the contingent consideration receivable of approximately RMB8,452,000 as at 31 December 2013 was detailed in note 6.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of UCF (continued)

As at 31 December 2014, the PAT of the UCF Group was approximately RMB33,516,000 (equivalent to approximately HK$42,291,000) which exceeded the required profit of HK$35,000,000 as agreed in the sales and purchase agreement. The above contingent consideration receivable at the fair value of approximately RMB8,920,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

Acquisition-related costs amounting to HK$311,000 (equivalent to approximately RMB246,000) have been excluded from the consideration transferred and have been recognised as an expense in the current period, within the administrative expense line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Plant and equipment	613
Intangible assets	132,014
Loan receivables	90,438
Prepayments and other receivables	9,464
Cash and cash equivalents	2,600
Accruals and other payables	(1,384)
Deferred tax liabilities	(33,004)
Net assets acquired	200,741

The fair values of loans receivables at the acquisition date approximate their gross amounts which amounted to RMB90,438,000. None of these receivables are impaired and it is expected that the full contractual amounts could be collected.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of UCF (continued)

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	236,585
Less: net assets acquired	(200,741)
Goodwill arising on acquisition	35,844

Goodwill arose in the acquisition of UCF because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of future market development of online payment services. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash inflow on acquisition of UCF

	RMB'000
Cash consideration paid	–
Less: cash and cash equivalent balances acquired	2,600
	2,600

Included in the profit for the year is loss of approximately RMB835,000 attributable to the additional business generated by UCF. Revenue for the year includes approximately RMB197,000 generated from UCF.

39. ACQUISITION OF SUBSIDIARIES/CHANGE IN OWNERSHIP INTERESTS IN SUBSIDIARIES (continued)

For the year ended 31 December 2013 (continued)

Acquisition of UCF (continued)

Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been HK$269,728,000, and profit for the year would have been HK$154,753,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had UCF been acquired at the beginning of the current year, the directors of the Company have:

– calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and

– determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

40. DISPOSAL OF SUBSIDIARIES

On 29 May 2014, the Group entered into a sales agreement to dispose of its 100% equity interest in three inactive subsidiaries, to an independent third party for a total consideration of US$1 (equivalent to approximately RMB6). The subsidiaries disposal of were Sun Champion Limited, Champion Day Holdings Limited and Ever Crescent Limited.

40. DISPOSAL OF SUBSIDIARIES (continued)

The aggregate net assets of the subsidiaries disposed of at the date of disposal were as follows:

	RMB'000
Bank balances and cash	7
Other payables	(71)
Net liabilities disposed of	(64)
Gain on disposal of subsidiaries	64
Total cash consideration	–
Net cash outflow arising on disposal	
Cash consideration received	–
Bank balances and cash disposed of	(7)
	(7)

The subsidiaries disposed of had no significant impact on the results and cash flows of the Group for the year ended 31 December 2014.

On 26 October 2014, the Group accepted an offer letter dated 24 October 2014 to dispose of all of its 60.3% equity interest in China Runking to an independent third party, for a total consideration of HKD$192,698,000 (equivalent to approximately RMB152,675,000). There are total 15 subsidiaries held by China Runking directly or indirectly. The disposal transaction was completed on 18 December 2014.

40. DISPOSAL OF SUBSIDIARIES (continued)

The aggregate net assets of the subsidiaries disposal of at the date of disposal were as follows:

	RMB'000
Plant and equipment	7,796
Loan receivables	214,257
Prepayment and other receivables	9,081
Bank balances and cash	93,269
Accruals and other payables	(34,640)
Receipt in advance	(1,470)
Amounts due to non-controlling shareholders	(3)
Borrowing	(19,756)
Financial assets sold under repurchase agreement	(20,781)
Income tax payables	(3,688)
Deferred tax liabilities	(470)
Net asset disposed of	243,595
Gain on disposal of subsidiaries	
Consideration received and receivable	152,675
Net assets disposed of	(243,595)
Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss on loss of control of the subsidiary	217
Non-controlling interests	96,707
Gain on disposal of subsidiaries	6,004
Consideration received and receivable	
Cash received	79,230
Deferred cash consideration (included in other receivable) *(note 26)*	73,445
Total cash consideration	152,675
Net cash outflow arising on disposal	79,230
Cash consideration received	(93,269)
Bank balances and cash disposed of	(14,039)

Pursuant to the offer letter, the deferred consideration shall be settled in cash on or before 31 March 2015.

41. DEEMED DISPOSAL OF SUBSIDIARIES

On 23 October 2013, Vast Well International Limited ("Vast Well") and Absolute Wise, two wholly-owned subsidiaries of the Group had introduced strategic investors by enlarging their share capital. After the enlargement of the share capital of the subsidiaries, the Group's interests in Vast Well had been diluted from 100% to 18%, and Vast Well ceased to be the subsidiary of the Group and therefore was accounted for as an available-for-sale investment thereafter. The Group's interests in Absolute Wise had been diluted from 100% to 51% and the Group remains 50% voting rights in the board of directors of Absolute Wise which govern the relevant activities of Absolute Wise. However, since at least 51% of the voting rights are required to make decisions about the relevant activities, the directors of the Company considered the joint control arrangement has been established because decisions about the relevant activities cannot be made without both parties agreeing. Absolute Wise became a joint venture of the Group.

The net assets of Vast Well and Absolute Wise at the date of deemed disposal were as follows:

	Vast Well RMB'000	Absolute Wise RMB'000	Total RMB'000
Analysis of assets and liabilities over which control was lost:			
Amounts due from group companies	179,885	26	179,911
Prepayments and other receivables	63	–	63
Bank balances and cash	17	–	17
Amounts due to group companies	(173,717)	–	(173,717)
Net assets disposed of:	6,248	26	6,274
Loss on deemed disposal of subsidiaries:			
Fair value of interest retained in interests in joint venture	–	14	14
Fair value of interest retained in available-for-sale investment	1,125	–	1,125
Exchange reserve released on disposal of subsidiaries	3,610	–	3,610
Net assets disposed of	(6,248)	(26)	(6,274)
Loss on deemed disposal	(1,513)	(12)	(1,525)
Net cash outflow arising on deemed disposal:			
Bank balances and cash disposed of	17	–	17

During the period from 1 January 2013 to 23 October 2013, the subsidiaries contributed approximately RMB3,000 to the Group's administrative expenses.

42. RELATED PARTIES TRANSACTIONS

In addition to those related party transactions and balances disclosed in note 32 or elsewhere in the consolidated financial statements, the Group had the following significant transactions with its related parties during the year:

	Note	2014 RMB'000	2013 RMB'000
Rental expenses paid to			
上海錦翰投資發展有限公司 ("上海錦翰")	(i)	**345**	630
北京蜂巢商務服務有限公司	(ii)	**2,453**	–
蜂巢(深圳)辦公空間有限公司	(ii)	**319**	–
China UCF Group Co., Ltd	(ii)	**831**	–
Interest expenses paid to			
新融資產管理有限公司 ("新融資產管理")		**–**	4
First Pay Limited	(iii)	**214**	–

Notes:

(i) Mr. Shi Zhi Jun, a director of the Company till 17 March 2014, has beneficial interests in 上海錦翰.

(ii) These companies are owned by Mr. Zhang Zhenxin, a major shareholder of the Company.

(iii) First Pay Limited is one of the substantial shareholders of the Company.

Key management personnel remuneration

Key management personnel represents directors of the Company and five highest paid individuals other than directors of the Company. The remuneration of the key management personnel was as follows:

	For the year ended 31 December	
	2014 RMB'000	2013 RMB'000
Short-term benefit	**12,453**	18,462
Post-employment benefits	**89**	112
Share-based payment expenses	**2,178**	3,779
	14,720	22,353

43. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2014, the capital injection of RMB4,000,000 to 上海鋒之行 from non-controlling interests was settled through current accounts with them.

During the year ended 31 December 2013, 233,999,900 new ordinary shares of HK$1 each were issued at par value to the existing shareholders of China Runking on proportion to the respective shareholder's shareholding. The consideration was satisfied by the capitalisation of the amounts due to respective shareholders, and approximately HK$93,599,960 (equivalent to approximately RMB75,236,000) represented capital contribution from the non-controlling shareholders.

44. SHARE OPTION SCHEME

(a) Pre-IPO Share Option Scheme

Pursuant to the written resolution of the shareholders of the Company on 4 November 2010, the Company has adopted a Pre-IPO Share Option Scheme (the "Pre-IPO Scheme") whereby three executive directors of the Group were granted the rights to subscribe for shares of the Company.

The total number of shares which may be issued upon the exercise of all options granted under the Pre-IPO Scheme is 64,000,000 shares which were granted on 4 November 2010 with subscription price of HK$0.3125 per share.

The options granted under the Pre-IPO Scheme have vesting period ranging from six to eighteen months commencing from 4 November 2010, being the grant date of the options and the options are exercisable for a period of 5 years. The Company has no legal or contractual obligation to repurchase or settle the options in cash.

No options under the Pre-IPO Scheme were outstanding as at 31 December 2013 and 2014.

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme

The Company has also adopted a Share Option Scheme (the "Share Option Scheme") pursuant to the written resolution of the shareholders on 4 November 2010. The Share Option Scheme will remain in force for a period of 10 years, commencing on 19 November 2010.

The maximum number of shares that may be allotted and issued upon exercise of all options which then has been granted and have yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 30% of the shares in issue from time to time. Unless approved by the shareholders, no option shall be granted to any person which if exercised in full would result in the total number of shares issued and to be issued upon exercise of the share options already granted or to be granted to such person (including exercised and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the total number of shares in issue as at the date of such new grant.

Share options granted to the directors of the Company, chief executive or substantial shareholders or any of their respective associates is subject to the approval of the Independent Non Executive Directors ("INEDs"). In addition, any grant of share options to a substantial shareholder or an INED or any of their respective associates, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the approval of the shareholders of the Company in a general meeting.

The exercise price of the share options is determined by the Board, but shall not be less than whichever is the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of offer; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet for the five trading days immediately preceding the date of offer, and (iii) the nominal value of the Company's share.

The offer of a grant of share options under the Share Option Scheme may be accepted within a period as specified in the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The Board may at its discretion determine the minimum period for which the option has to be held or other restrictions before the option can be exercised.

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

An option under the Share Option Scheme may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the board of directors of the Company, which must not be more than 10 years from the date of the grant.

Details of specific categories of options granted under the Pre-IPO Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price Before adjustment	Exercise price After adjustment (*Note*)	Fair value at grant date
4 November 2010	4 November 2010 to 3 May 2011	4 May 2011 to 18 November 2015	HK$0.3125	HK$0.2604	HK$9,752,000
	4 November 2010 to 3 November 2011	4 November 2011 to 18 November 2015	HK$0.3125	HK$0.2604	HK$9,829,000
	4 November 2010 to 3 May 2012	4 May 2012 to 18 November 2015	HK$0.3125	HK$0.2604	HK$8,475,000

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

Details of specific categories of options granted under the Share Option Scheme are as follows:

Date of grant	Vesting period	Exercise period	Exercise price Before adjustment	Exercise price After adjustment (*Note*)	Fair value at grant date
4 April 2011	4 April 2011 to 3 January 2012	4 January 2012 to 3 April 2016	HK$1.206	HK$1.005	HK$1,000,000
	4 April 2011 to 3 January 2012	4 January 2012 to 3 April 2016	HK$1.206	HK$1.005	HK$1,309,000
27 September 2011	27 September 2011 to 26 March 2012	27 March 2012 to 26 September 2016	HK$0.567	HK$0.4725	HK$1,000,000
	N/A	27 September 2012 to 26 September 2016	HK$0.567	HK$0.4725	HK$500,000
12 July 2013	12 July 2013 to 11 April 2014	12 April 2014 to 11 July 2018	N/A	HK$0.74	HK$10,808,000
11 December 2014	11 December 2014 to 10 December 2015	11 December 2015 to 10 December 2024	N/A	HK$1.814	HK$19,418,195
	11 December 2014 to 10 December 2016	11 December 2016 to 10 December 2024	N/A	HK$1.814	HK$23,625,635
	11 December 2014 to 10 December 2017	11 December 2017 to 10 December 2024	N/A	HK$1.814	HK$27,772,482
	11 December 2014 to 10 December 2018	11 December 2018 to 10 December 2024	N/A	HK$1.814	HK$30,502,513

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

The following table discloses movements of the Company's share options held by employees (including Directors) and business associates during the year:

For the year ended 31 December 2014

Date of Grant	Outstanding as at 1 January 2014	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31 December 2014
Directors and employees						
4 April 2011	4,284,000	–	(288,000)	–	(3,960,000)	36,000
12 July 2013	35,420,000	–	(710,000)	–	(19,756,000)	14,954,000
Directors						
11 December 2014	–	193,800,000	–	–	–	193,800,000
Business associates						
4 April 2011	39,840,000	–	–	–	(39,840,000)	–
27 September 2011	14,000,000	–	–	–	(14,000,000)	–
	93,544,000	193,800,000	(998,000)	–	(77,556,000)	208,790,000
Exercisable at the end of year						14,990,000
Weighted average exercise price	HK$0.8250	HK$1.8140	HK$1.0050	–	HK$0.8414	HK$1.7336

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

For the year ended 31 December 2013

Date of Grant	Outstanding as at 1 January 2013	Granted during the year	Lapsed during the year	Cancelled during the year	Exercised during the year	Outstanding as at 31 December 2013
Directors and employees						
4 November 2010	76,800,000	–	–	–	(76,800,000)	–
4 April 2011	4,284,000	–	–	–	–	4,284,000
12 July 2013	–	37,300,000	(1,880,000)	–	–	35,420,000
Business associates						
4 April 2011	39,840,000	–	–	–	–	39,840,000
27 September 2011	36,000,000	–	–	–	(22,000,000)	14,000,000
	156,924,000	37,300,000	(1,880,000)	–	(98,800,000)	93,544,000
Exercisable at the end of year						58,124,000
Weighted average exercise price	HK$0.5184	HK$0.74	HK$0.74	–	HK$0.3076	HK$0.8250

44. SHARE OPTION SCHEME (continued)

(b) Share Option Scheme (continued)

193,800,000 share options were granted during the year ended 31 December 2014 (2013: 37,300,000).

The fair values of share options granted to directors and employees were calculated using the Binominal model for 2010 and Black-Scholes option pricing model for 2012 to 2014. The inputs into the model were as follows:

	4 November 2010	4 April 2011	12 July 2013	11 December 2014
Inputs into the model				
Exercise price	HK$0.3125	HK$1.206	HK$0.74	HK$1.814
Expected volatility	49.36%	44.61%	67.71%	41.71%-42.35%
Expected life	5 years	2.875 years	2.875 years	2-5 years
Expected dividend yield	2.32%	1.56%	2.095%	0.676%
Risk-free rate	1.02%	1.12%	0.507%	0.43%-1.237%

Expected volatility of the options granted under the Pre-IPO Share Option Scheme and Share Option Scheme was determined by using the historical volatility of the share price of comparable companies and the Company respectively. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

The fair values of share options granted to business associates were measured at the fair value of the services received.

The Group recognised the total expenses of approximately RMB4,790,000 for the year ended 31 December 2014 (2013: RMB5,464,000) in relation to share options granted by the Company.

Note:

The exercise price of the share options is subject to adjustment in case of rights or bonus issue or other similar changes in the Company's share capital. Following the bonus issue which completed on 30 May 2012, the exercise price and the number of the share options outstanding were adjusted accordingly.

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Statement of financial position of the Company at the end of the reporting period is as follows:

		As at 31 December	
	Notes	**2014 RMB'000**	2013 RMB'000
Non-current asset			
Investments in subsidiaries	a	**–**	–
Current assets			
Prepayments and other receivables		**10,228**	216
Amounts due from subsidiaries	c	**1,008,527**	1,084,370
Amount due from a joint venture		**33**	20
Bank balances and cash		**83,576**	11,588
		1,102,364	1,096,194
Current liabilities			
Accruals		**2,883**	5,107
Amount due to subsidiaries	c	**62,292**	56,115
Amount due to a joint venture		**–**	8,559
Borrowings		**–**	39,860
Corporate bonds		**–**	255,611
		65,175	365,252
Net current assets		**1,037,189**	730,942
Total assets less current liabilities		**1,037,189**	730,942
Non-current liability			
Corporate bonds		**203,818**	–
Net assets		**833,371**	730,942
Capital and reserves			
Share Capital		**267,736**	245,773
Reserves	b	**565,635**	485,169
Total equity		**833,371**	730,942

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries

	As at 31 December 2014	2013
Unlisted investments, at cost	**RMB55**	RMB55

Details of the principal subsidiaries held by the Company as at 31 December 2014 and 2013 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company Directly 2014	Directly 2013	Indirectly 2014	Indirectly 2013	Principal activities
Ever Step	BVI 7 December 2009	Ordinary shares	USD1/ USD50,000	**100%**	100%	**N/A**	N/A	Investment holding
Media Eagle Investment Limited ("Media Eagle")	Hong Kong 26 September 2012	Ordinary shares	HKD100/ HKD100	**60%**	60%	**N/A**	N/A	Investment holding
High Elite Holdings Limited ("High Elite")	Hong Kong 23 February 2011	Ordinary shares	HKD3,000,000/ HKD3,000,000	**N/A**	N/A	**100%**	100%	Financial consultancy services
Vigo	Hong Kong 2 September 2008	Ordinary shares	HKD1/ HKD10,000	**N/A**	N/A	**100%**	100%	Money lending business
Jovial Lead Limited ("Jovial Lead")	BVI 10 June 2011	Ordinary shares	USD1/ USD50,000	**N/A**	N/A	**100%**	100%	Investment holding
China Runking *(Note (vii))*	Hong Kong 3 June 2011	Ordinary shares	HKD234,000,000/ HKD234,000,000	**N/A**	N/A	**Nil** *(Note (vii))*	60.3%	Investment holding
峻岭物業顧問(上海)有限公司 *(Note (ii))*	The PRC 5 May 1998	Registered capital	USD1,000,000/ USD1,000,000	**N/A**	N/A	**100%**	100%	Financial consultancy services and entrusted loans business
上海銀通 *(Note (i) & (vi))*	The PRC 11 June 2003	Registered capital	RMB40,000,000/ RMB40,000,000	**N/A**	N/A	**100%**	100%	Pawn loans business
康潤企業管理諮詢(重慶)有限公司("重慶康潤") *(Note (ii))*	The PRC 6 December 2011	Registered capital	USD500,000/ USD500,000	**N/A**	N/A	**Nil** *(Note (vii))*	60.3% *(Note (iii))*	Financial consultancy services

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Details of the principal subsidiaries held by the Company as at 31 December 2014 and 2013 are as follows: (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
重慶市兩江新區潤通小額貸款有限公司("重慶潤通") *(Note (ii))*	The PRC 18 October 2011	Registered capital	USD30,000,000/ USD30,000,000	**N/A**	N/A	**Nil** *(Note (vii))*	60.3%	Secured financing services and microfinance services
深岩投資諮詢(上海)有限公司 *(Note (ii))*	The PRC 15 September 2011	Registered capital	RMB2,300,000/ RMB2,300,000	**N/A**	N/A	**100%**	100%	Financial consultancy services
嘉頤投資諮詢(上海)有限公司("上海嘉頤") *(Note (ii))*	The PRC 19 July 2011	Registered capital	RMB2,300,000/ RMB2,300,000	**N/A**	N/A	**70%**	70%	Financial consultancy services
上海深隆商務諮詢有限公司 *(Note (i))*	The PRC 15 November 2012	Registered capital	RMB500,000/ RMB500,000	**N/A**	N/A	**100%**	100%	Financial consultancy services
深璟商務諮詢(上海)有限公司 *(Note (i))*	The PRC 10 November 2011	Registered capital	RMB500,000/ RMB500,000	**N/A**	N/A	**100%**	100%	Financial consultancy services
上海峻屹商務諮詢有限公司 *(Note (i))*	The PRC 19 November 2012	Registered capital	RMB60,000,000/ RMB60,000,000	**N/A**	N/A	**100%**	100%	Entrusted loan financing services
上海嘉震商務諮詢有限公司("上海嘉震") *(Note(ii))*	The PRC 15 November 2012	Registered capital	RMB500,000/ RMB500,000	**N/A**	N/A	**70%**	70%	Financial consultancy services
UCF	Hong Kong 23 December 2011	Ordinary shares	HKD10,000/ HKD10,000	**N/A**	N/A	**100%**	100% *(Note (iv))*	Investment holding
合肥建信 *(Note (ii))*	The PRC 20 October 2010	Registered capital	RMB40,000,000/ RMB40,000,000	**N/A**	N/A	**100%**	100% *(Note (v))*	Microfinance services
大連先鋒匯通投資諮詢有限公司 *(Note (ii))*	The PRC 1 August 2012	Registered capital	RMB630,120/ RMB630,120	**N/A**	N/A	**100%**	100% *(Note (iv))*	Investment holding
先鋒支付 *(Note (ii) & (vi))*	The PRC 12 July 2007	Registered capital	RMB10,000,000/ RMB10,000,000	**N/A**	N/A	**100%**	100% *(Note (vi))*	Investment holding
上海華勵商務諮詢有限公司 *(Note (i))*	The PRC 19 March 2013	Registered capital	RMB100,000/ RMB100,000	**N/A**	N/A	**100%**	100%	Financial consultancy services

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Details of the principal subsidiaries held by the Company as at 31 December 2014 and 2013 are as follows: (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operations	Class of shares held	Issued and fully paid share capital/ registered capital	Proportion ownership interest held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
上海鋒之行 *(Note (i))*	The PRC 29 November 2013	Registered capital	RMB17,250,000/ RMB17,250,000	**N/A**	N/A	**60%**	N/A	P2P loan services
深圳壹房壹貸信息技術服務有限公司 *(Note(ii))*	The PRC 14 March 2014	Registered capital	RMB21,674,518/ RMB21,674,518	**N/A**	N/A	**100%**	N/A	P2P loan services
浙江甬貸投資咨詢有限公司 *(Note (i))*	The PRC 14 March 2014	Registered capital	RMB10,000,000/ RMB10,000,000	**N/A**	N/A	**100%**	N/A	Money lending service

Notes

(i) These entities were established in the PRC as domestic companies.

(ii) These entities were established in the PRC as wholly foreign-owned enterprises.

(iii) During the year ended 31 December 2013, the Group has undergone a reorganisation and equity interests of 重慶康潤 and other several subsidiaries were transferred from a wholly-owned subsidiary to China Runking at nil consideration and the interests in those subsidiaries were reduced from 100% to 60%. The reorganisation was accounted for as equity transaction and non-controlling interests were adjusted for approximately RMB5,199,000 and was recognised directly in equity.

(iv) Acquired through acquisition of UCF during the year ended 31 December 2013.

(v) Acquired through acquisition of 合肥建信 during the year ended 31 December 2013.

(vi) No equity interests were held by the Company. The Company has control over the subsidiaries through the Structure Contracts.

(vii) During the year ended 31 December 2014, the Group has disposed its entire equity interests in China Runking and its subsidiaries and the interests in those subsidiaries were reduced from 60% to nil.

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

In the opinion of the directors of the Company, the subsidiaries of the Company listed in the above table principally affected the results, assets and liabilities of the Group. To give details of other subsidiaries would result in particular of excessive length.

None of the subsidiaries had any debt securities issued subsisting at the end of both years or any time during both years.

Composition of the Group

Information about the composition of the Group other than the principal subsidiaries disclose above at the end of the reporting period is as follows:

Principal activities	**Places of incorporation and operation**	**Number of wholly-owned subsidiaries**	
		2014	2013
Investment holding	Hong Kong	**12**	12
	BVI	**14**	11
	The PRC	**6**	–
Financial consultancy services	The PRC	**4**	7
		36	30

Principal activities	**Places of incorporation and operation**	**Number of non-wholly owned subsidiaries**	
		2014	2013
Investment holding	Hong Kong	**3**	12
Financial consultancy services	The PRC	**–**	5
		3	17

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Details of non-wholly owned subsidiaries that have material non-controlling interests.

The table shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Places of incorporation/ establishment/ operations	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
重慶潤通 *(Note (ii))*	The PRC	**–**	40%	**4,065**	5,929	**–**	87,125
上海嘉頤	The PRC	**30%**	30%	**(1,882)**	362	**1,351**	6,455
上海嘉震	The PRC	**30%**	30%	**1,318**	1,138	**3,248**	1,931
重慶康潤 *(Note (ii))*	The PRC	**–**	40%	**2,831**	1,528	**–**	7,832
China Runking *(Note (ii))*	Hong Kong	**–**	40%	**(1,834)**	(2,026)	**–**	(3,052)
上海華勵 *(Note (i))*	The PRC	**–**	–	**–**	3,185	**–**	–
上海鋒之行	The PRC	**20%**	–	**(2,094)**	–	**557**	–
Excel Synergy Limited (“Excel Synergy”)	Hong Kong	**30%**	30%	**4,213**	2,150	**2,165**	371
浙江甬貸投資資咨詢有限公司 (“浙江甬貸”)	The PRC	**49%**	–	**2,406**	–	**7,306**	–
Individual immaterial subsidiaries with non-controlling interests				**(959)**	1,252	**(994)**	(372)
Total				**8,064**	13,518	**13,633**	100,290

Note:

(i) During the year ended 31 December 2013, the subsidiary was indirectly owned by the Group at 80%. It becomes wholly owned subsidiary after the acquisition of the remaining 20% share of Worthy Trade.

(ii) 重慶潤通 and 重慶康潤 are wholly owned subsidiaries of China Runking, altogether were disposed by the Group on 18 December 2014. Details are set out in note 40.

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

重慶潤通

	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
Current assets	**N/A**	286,887
Non-current assets	**N/A**	6,839
Current liabilities and total liabilities	**N/A**	(75,914)
Equity attributable to owners of the Company	**N/A**	130,687
Non-controlling interests	**N/A**	87,125

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

重慶潤通 (continued)

	1 January 2014 to 18 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Revenue	**49,297**	36,571
Expenses	**(39,136)**	(21,748)
Profit and total comprehensive income for the year	**10,161**	14,823
Profit and total comprehensive income attributable to owners of the Company	**6,096**	8,894
Profit and total comprehensive income attributable to the non-controlling interests	**4,065**	5,929
	10,161	14,823
Net cash inflow/(outflow) from operating activities	**69,823**	(80,380)
Net cash outflow from investing activities	**(2,409)**	(1,811)
Net cash (outflow)/inflow from financing activities	**(46,952)**	68,938
Net cash inflow/(outflow)	**20,462**	(13,253)

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海嘉頤

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**6,469**	22,143
Non-current assets	**516**	531
Current liabilities and total liabilities	**(2,482)**	(1,159)
Equity attributable to owners of the Company	**3,152**	15,060
Non-controlling interests	**1,351**	6,455

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海嘉頤 (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**1,753**	8,379
Expenses	**(8,027)**	(7,174)
(Loss)/profit and total comprehensive (expense)/income for the year	**(6,274)**	1,205
(Loss)/profit and total comprehensive (expense)/ income attributable to owners of the Company	**(4,392)**	843
(Loss)/profit and total comprehensive (expense)/ income attributable to the non-controlling interests	**(1,882)**	362
	(6,274)	1,205
Dividends paid to non-controlling interests	**(3,221)**	(2,377)
Net cash outflow from operating activities	**(1,235)**	(990)
Net cash inflow from investing activities	**2**	6
Net cash inflow from financing activities	**666**	1,605
Net cash (outflow)/inflow	**(567)**	621

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海嘉震

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets and total assets	**11,332**	6,788
Current liabilities and total liabilities	**(505)**	(353)
Equity attributable to owners of the Company	**7,579**	4,504
Non-controlling interests	**3,248**	1,931

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海嘉震 (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**4,524**	4,425
Expenses	**(132)**	(633)
Profit and total comprehensive income for the year	**4,392**	3,792
Profit and total comprehensive income attributable to owners of the Company	**3,074**	2,654
Profit and total comprehensive income attributable to the non-controlling interests	**1,318**	1,138
	4,392	3,792
Net cash inflow from operating activities	**4,043**	3,271
Net cash inflow from investing activities	**1**	2
Net cash outflow from financing activities	**(4,219)**	(6,543)
Net cash outflow	**(175)**	(3,270)

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

重慶康潤

	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
Current assets	N/A	21,300
Non-current assets	N/A	990
Current liabilities and total liabilities	N/A	(2,710)
Equity attributable to owners of the Company	N/A	11,748
Non-controlling interests	N/A	7,832

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

重慶康潤 (continued)

	1 January 2014 to 18 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Revenue	**24,332**	16,161
Expenses	**(17,254)**	(7,954)
Profit and total comprehensive income for the year	**7,078**	8,207
Profit and total comprehensive income attributable to owners of the Company	**4,247**	6,679
Profit and total comprehensive income attributable to the non-controlling interests	**2,831**	1,528
	7,078	8,207
Dividends paid to non-controlling interests	**(5,933)**	–
Net cash inflow from operating activities	**8,116**	9,628
Net cash inflow from investing activities	**13,989**	5,010
Net cash outflow from financing activities	**(11,832)**	(11,100)
Net cash inflow	**10,273**	3,538

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

China Runking

	As at 31 December 2014 RMB'000	As at 31 December 2013 RMB'000
Current assets and total assets	**N/A**	6,279
Current liabilities and total liabilities	**N/A**	(13,910)
Equity attributable to owners of the Company	**N/A**	(4,579)
Non-controlling interests	**N/A**	(3,052)

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

China Runking (continued)

	1 January 2014 to 18 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Revenue	**–**	–
Expenses	**(4,585)**	(5,064)
Loss and total comprehensive expense for the year	**(4,585)**	(5,064)
Loss and total comprehensive expense attributable to owners of the Company	**(2,751)**	(3,038)
Loss and total comprehensive expense attributable to the non-controlling interests	**(1,834)**	(2,026)
	(4,585)	(5,064)
Net cash inflow/(outflow) from operating activities	**2,322**	(7,425)
Net cash outflow from investing activities	**(8,418)**	–
Net cash inflow from financing activities	**11,899**	7,428
Net cash inflow	**5,803**	3

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海華勵

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets and total assets	**N/A**	16,042
Current liabilities and total liabilities	**N/A**	(12)
Equity attributable to owners of the Company	**N/A**	16,030
Non-controlling interests	**N/A**	–

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海華勵 (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**N/A**	16,370
Expenses	**N/A**	(444)
Profit and total comprehensive income for the year	**N/A**	15,926
Profit and total comprehensive income attributable to owners of the Company	**N/A**	12,741
Profit and total comprehensive income attributable to the non-controlling interests	**N/A**	3,185
	N/A	15,926
Net cash inflow from operating activities	**N/A**	15,892
Net cash flow from investing activities	**N/A**	-
Net cash outflow from financing activities	**N/A**	(15,200)
Net cash inflow	**N/A**	692

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海鋒之行

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**76,043**	N/A
Non-current assets	**2,243**	N/A
Current liabilities and total liabilities	**(75,500)**	N/A
Equity attributable to owners of the Company	**2,229**	N/A
Non-controlling interests	**557**	N/A

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

上海鋒之行 (continued)

	6 May 2014 to 31 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Revenue	**8,131**	N/A
Expenses	**(18,603)**	N/A
Loss and total comprehensive expense for the year	**(10,472)**	N/A
Loss and total comprehensive expense attributable to owners of the Company	**(8,378)**	N/A
Loss and total comprehensive expense attributable to the non-controlling interests	**(2,094)**	N/A
	(10,472)	N/A
Net cash outflow from operating activities	**(25,230)**	N/A
Net cash outflow from investing activities	**(2,809)**	N/A
Net cash inflow from financing activities	**42,754**	N/A
Net cash inflow	**14,715**	N/A

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Excel Synergy

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**5,232**	5,210
Non-current assets	**2,300**	2,300
Current liabilities and total liabilities	**(314)**	(6,275)
Equity attributable to owners of the Company	**5,053**	864
Non-controlling interests	**2,165**	371

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

Excel Synergy (continued)

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**15,437**	7,924
Expenses	**(1,393)**	(757)
Profit and total comprehensive income for the year	**14,044**	7,167
Profit and total comprehensive income attributable to owners of the Company	**9,831**	5,017
Profit and total comprehensive income attributable to the non-controlling interests	**4,213**	2,150
	14,044	7,167
Dividends paid to non-controlling interests	**(2,450)**	–
Net cash inflow from operating activities	**3,569**	–
Net cash inflow from investing activities	**10,714**	–
Net cash outflow from financing activities	**(14,391)**	–
Net cash outflow	**(108)**	–

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

浙江甬貸

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Current assets	**16,776**	N/A
Non-current assets	**–**	N/A
Current liabilities and total liabilities	**(1,866)**	N/A
Equity attributable to owners of the Company	**7,604**	N/A
Non-controlling interests	**7,306**	N/A

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(a) Investments in subsidiaries (continued)

浙江甬貸 (continued)

	24 October 2014 to 31 December 2014 RMB'000	1 January 2013 to 31 December 2013 RMB'000
Revenue	**7,190**	N/A
Expenses	**(2,280)**	N/A
Profit and total comprehensive income for the year	**4,910**	N/A
Profit and total comprehensive income attributable to owners of the Company	**2,504**	N/A
Profit and total comprehensive income attributable to the non-controlling interests	**2,406**	N/A
	4,910	N/A
Net cash outflow from operating activities	**(9,568)**	N/A
Net cash inflow from investing activities	**2**	N/A
Net cash inflow from financing activities	**10,000**	N/A
Net cash inflow	**434**	N/A

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(b) Reserves of the Company

	Share premium RMB'000	Accumulated losses RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Total RMB'000
At 1 January 2013	206,702	(45,578)	(1,714)	25,968	185,378
Loss for the year	–	(23,361)	–	–	(23,361)
Other comprehensive expenses	–	–	(9,245)	–	(9,245)
Total comprehensive expenses for the year	–	(23,361)	(9,245)	–	(32,606)
Issue of shares upon exercise of share options *(Note 36(a))*	39,178	–	–	(22,734)	16,444
Issue of shares under placing *(Note 36(b))*	136,234	–	–	–	136,234
Issue of shares for acquisition of a subsidiary *(Note 36(c))*	207,735	–	–	–	207,735
Share issue expenses	(3,379)	–	–	–	(3,379)
Recognition of equity-settled share based payments	–	–	–	5,464	5,464
Dividends recognised as distribution	(30,101)	–	–	–	(30,101)
At 31 December 2013	556,369	(68,939)	(10,959)	8,698	485,169

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(b) Reserves of the Company (continued)

	Share premium RMB'000	Accumulated losses RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Total RMB'000
At 1 January 2014	556,369	(68,939)	(10,959)	8,698	485,169
Loss for the year	–	(42,249)	–	–	(42,249)
Other comprehensive expenses	–	–	(7,642)	–	(7,642)
Total comprehensive expenses for the year	–	(42,249)	(7,642)	–	(49,891)
Issue of shares under placing *(Note 36(d))*	111,230	–	–	–	111,230
Issue of shares upon exercise of share options *(Note 36(e))*	51,411	–	–	(6,459)	44,952
Recognition of equity-settled share based payments	–	–	–	4,790	4,790
Dividend recognised as distribution	(30,615)	–	–	–	(30,615)
Lapsed of share options	–	225	–	(225)	–
At 31 December 2014	688,395	(110,963)	(18,601)	6,804	565,635

(c) Amounts due from (to) subsidiaries

The amounts are unsecured, interest-free and repayable on demand.

46. EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has entered into the following significant transactions:

(a) Acquisition of 10% equity interest in First P2P Limited

On 12 January 2015, the Group entered into an acquisition agreement with First P2P Limited for the acquisition of 10% equity interest in First P2P Limited at RMB50,000,000.

The directors of the Company considered that the acquisition will enhance the Group's competitiveness in the internet financing industry in China and the acquisition marks a significant step of the Group to transform into a leading P2P internet financing service provider in China by creating a strategic alliance with First P2P Limited.

Mr. Zhang Zhenxin is a connected person of the Company by virtue of being a substantial shareholder of the Company. Since Mr. Zhang Zhenxin controls the exercise of 30% or more of the voting power of First P2P Limited, First P2P Limited is an associate of Mr. Zhang Zhenxin and thus a connected person of the Company. Accordingly, the transaction constitutes a connected transaction of the Company under the GEM Listing Rules.

The transaction was completed on 27 January 2015.

Details of the transaction are set out in the Company's announcement dated 12 January 2015.

(b) Acquisition of 100% equity interest in 北京鳳凰信用管理股份有限公司 (Beijing Phoenix Credit Management Corporation*) ("Beijing Phoenix")

On 11 August 2014, 萬峻（杭州）創業投資管理有限公司 (Wanjun (Hangzhou) Venture Capital Management Company Limited*) ("Wanjun Hangzhou"), a wholly-owned subsidiary of the Company, entered into an agreement with an independent third party, 鳳凰資產管理有限公司 (Phoenix Asset Management Limited*) ("Phoenix Asset") and Beijing Phoenix to acquire the entire right of control, economic interests and benefits of Beijing Phoenix through structured contracts at an acquisition cost of RMB50,000,000 to be satisfied in cash of RMB49,000,000 payable to Phoenix Asset and RMB1,000,000 payable to the independent third party.

46. EVENT AFTER THE REPORTING PERIOD (continued)

(b) Acquisition of 100% equity interest in 北京鳳凰信用管理股份有限公司 (Beijing Phoenix Credit Management Corporation*) ("Beijing Phoenix") (continued)

The Group will further diversify its internet finance sector by entering into the agreement and the structured contracts with Beijing Phoenix. The online P2P lending business engaged by Beijing Phoenix provides flexibility and easy access to individual investors looking for investments with return higher than fixed income products and risk lower than securities.

Mr. Zhang Zhenxin is a substantial shareholder of the Company. Phoenix Asset and Beijing Phoenix are associates of Mr. Zhang Zhenxin. Accordingly, the acquisition constitutes a connected transaction of the Company under the GEM Listing Rules.

The transaction was completed on 28 January 2015. Details of the transaction are set out in the Company's announcement dated 1 May 2014, 11 August 2014 and 20 October 2014 respectively.

Assets and liabilities recognised at the date of acquisition are as follows:

	RMB'000
Intangible assets	40,127
Other receivables	1,706
Cash and cash equivalents	9,017
Other payables	(2,796)
Tax payable	(49)
Deferred tax liabilities	(10,032)
Net assets identified and acquired	37,973

Goodwill arising on acquisition:

	RMB'000
Consideration transferred	50,000
Less: net assets acquired	(37,973)
Goodwill	12,027

* *For identification purpose only*

46. EVENT AFTER THE REPORTING PERIOD (continued)

(c) Subscription of convertible bond issued by China Fortune

On 10 February 2015, a 12% coupon convertible bond (the "2015 Convertible Bond") was issued by China Fortune to Ever Step with principal amount of approximately HK$40,385,000 (equivalent to approximately RMB31,983,000) for settlement of the Convertible Bond as set out in note 22(b). The 2015 Convertible Bond bears 12% interest per annum with maturity on 9 February 2016. The Group can exercise the conversion option in whole or in part on the maturity date. The conversion price is HK$0.13 per share (subject to adjustments). China Fortune may redeem the 2015 Convertible Bond in whole or in part at anytime from the date of issue up to the maturity date. Unless previously redeemed or converted, China Fortune shall redeem the 2015 Convertible Bond at 100% of the principal amount at maturity date.

(d) Disposal of remaining 15% equity interests in Measure Up

On 5 March 2015, the Group entered into an agreement with an independent third party to sell 15% equity interests in Measure Up at RMB1,058,000.

The disposal is completed on 20 March 2015.

(e) Acquisition of 海南先鋒網信小額貸款有限公司

On 11 August 2014, Wanjun Hangzhou entered into an acquisition agreement with Phoenix Asset to acquire 49% equity interest of 海南先鋒網信小額貸款有限公司 (Hainan Pioneer Internet Microfinance Limited*) at a consideration of RMB49,000,000 to be settled in cash.

The directors of the Company considered that the acquisition will expand the Company's existing microfinance service business and future development in the business of internet finance.

Mr. Zhang Zhenxin is a substantial shareholder of the Company. Phoenix Asset and Beijing Phoenix are associates of Mr. Zhang Zhenxin. Accordingly, the acquisition constitutes a connected transaction of the Company under the GEM Listing Rules.

The transaction was completed on 20 March 2015. Details of the transaction are set out in the Company's announcement dated 1 May 2014, 11 August 2014, 12 August 2014 respectively.

* *For identification purpose only*

A summary of the Group's results for the last five financial years and the assets and liabilities of the Group as at 31 December 2014, 2013, 2012, 2011, and 2010, as extracted from the published audited financial statements for the years ended 31 December 2014, 2013, 2012, and 2011, is set out below. The amounts set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000
RESULTS					
Turnover	**374,068**	269,728	302,422	258,701	115,169
Net interest income	**83,261**	108,454	112,100	111,512	41,742
Financial consultancy service income	**66,597**	123,452	170,895	141,995	69,786
Online third party payment service income	**60,665**	–	–	–	–
Peer-to-peer loan service income	**24,822**	–	–	–	–
Gain on transfer of rights on interests on loan receivables	**46,304**	–	–	–	–
	281,649	231,906	282,995	253,507	111,528
Other income	**18,810**	20,492	17,537	6,241	2,563
Handling charges of online third party payment service	**(10,154)**	–	–	–	–
Administrative and other operating expenses	**(189,776)**	(113,213)	(68,548)	(54,606)	(31,178)
Loss on deemed disposal of subsidiaries	**–**	(1,525)	–	–	–
Gain on disposal of subsidiaries	**6,068**	–	–	12,823	–
Loss on disposal of joint ventures	**(56)**	–	–	–	–
Change in fair value of investment property	**10,239**	75,677	–	–	–
Change in fair value of derivative and embedded derivative components of convertible bond and exchangeable bond	**394**	(420)	(2,788)	(364)	–
Change in fair value of contingent consideration receivable	**(8,452)**	(468)	–	–	–
Share-based payment expenses	**(4,790)**	(5,464)	(2,888)	(18,913)	(4,820)
Share of results of associates	**(672)**	(1,960)	(1,015)	–	–
Share of results of joint ventures	**(1,945)**	1,508	449	–	–
Loss on early redemption of corporate bonds	**–**	–	(2,466)	–	–
Profit before tax	**101,315**	206,533	223,276	198,688	78,093
Income tax	**(35,057)**	(51,768)	(59,002)	(53,417)	(25,799)
Profit for the year	**66,258**	154,765	164,274	145,271	52,294
Attributable to:					
Owners of the Company	**58,194**	141,247	149,534	142,833	52,294
ASSETS AND LIABILITIES					
Total assets	**2,671,727**	2,311,551	1,321,040	1,024,609	615,377
Total liabilities	**(1,252,299)**	(1,017,126)	(564,009)	(367,089)	(224,636)
Net assets	**1,419,428**	1,294,425	757,031	657,520	390,741

Summary of Investment Property

Particulars of investment property held by the Group as at 31 December 2014 is as follows:

Property	Use	Group Interest	Category of the lease
Nos. 518-686 Sichuan North Road, Hongkou District, Shanghai The PRC	Commercial	100%	Medium term lease