Capital Finance Holdings Limited
首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8239)

擴展迎未來

Expand for Future Growth

Annual Report
2014/15

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Building Exceptional Value

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Corporate Information

BOARD

Executive Directors

Mr. Han Jianli *(Chairman and Chief Executive Officer)*
(Appointed as the Chief Executive Officer and Chairman on 31 July 2014 and 1 January 2015 respectively)

Mr. Wong Wai Sing *(Vice-chairman)*
(Re-designated as Vice-chairman from Chairman on 1 January 2015)

Mr. Ho Pui Tin, Terence
(Retired as executive Director and resigned as Chief Executive Officer on 31 July 2014)

Non-Executive Directors

Mr. Tsang Ho Ka, Eugene (Resigned as Vice-chairman on 31 July 2014 and resigned as non-executive director on 27 February 2015)

Independent Non-Executive Directors

Mr. Kwok Kam Tim
Mr. Chen Yihua
Mr. Du Hui

BOARD COMMITTEES

Audit Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui

Remuneration Committee

Mr. Kwok Kam Tim *(Chairman)*
Mr. Wong Wai Sing (Appointed on 31 July 2014)
Mr. Chen Yihua
Mr. Du Hui
Mr. Ho Pui Tin, Terence (Resigned on 31 July 2014)

Nomination Committee

Mr. Chen Yihua (Appointed as Chairman on 31 July 2014)
Mr. Han Jianli (Appointed on 31 July 2014)
Mr. Wong Wai Sing (Appointed on 31 July 2014)
Mr. Kwok Kam Tim (Resigned as Chairman on 31 July 2014)
Mr. Du Hui
Mr. Ho Pui Tin, Terence (Resigned on 31 July 2014)

COMPLIANCE OFFICER

Mr. Han Jianli (Appointed on 31 July 2014)
Mr. Ho Pui Tin, Terence (Resigned on 31 July 2014)

COMPANY SECRETARY

Ms. Chan Sau Yee FCS, FCIS (Appointed on 31 October 2014 as joint company secretary and re-designated as the company secretary on 1 January 2015)

Ms. Sung Ting Yee (Appointed on 17 October 2014, re-designated as joint company secretary on 31 October 2014 and resigned on 1 January 2015)

Mr. Cheng Man Wah (Resigned on 17 October 2014)

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3509-10, 35/F.
Tower 6, The Gateway
Harbour City, Kowloon
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
The Bank of East Asia, Limited

AUDITOR

Mazars CPA Limited
42nd Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPANY WEBSITE

http://www.capitalfinance.hk

STOCK CODE

8239

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report of Capital Finance Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015.

Year 2014/15 was crucial and has greatly marked the significance in the strategic development of the Group. In June 2014, the Group took strategic action to launch the business of short-term financing services through acquiring the entire equity interests in Prima Finance Holdings Limited ("Prima Finance"), an investment holding company with its subsidiaries principally engaged in short-to-medium term micro-financing and financing-related services in Beijing, the People's Republic of China (the "PRC"). By taking advantage of the huge market demand in the PRC and the continuously vigorous support from the PRC government as mentioned below, the industry of micro-financing services has experienced substantial growth in recent years.

During the year, the Group has achieved a record high turnover of approximately Hong Kong dollar ("HK$") 200,747,000 representing a tremendous growth of approximately 123% as compared with last year (2014: approximately HK$90,159,000), of which short-term financing services contributed approximately 61% of the revenue (HK$122,589,000 out of total revenue HK$200,747,000). Meanwhile, the Group has also experienced a substantial increase of gross profit margin from approximately 9% to 64% correspondingly benefited from the acquisition of the profitable short-term financing services. The short-term financing services segment has provided a solid foundation for the business transformation of the Group.

Attributable to tight credit controls and the complexity in procedure of obtaining traditional bank loans, the set up of various financial institutions, such as micro-loan companies, in support of small and medium enterprises ("SMEs"), agricultural enterprises and farmers in the PRC are in huge demand. At the routine State Council meeting held on 17 September 2014, Chinese Premier Li Keqiang further emphasised the forward looking and sustainable development for small and micro enterprises, including orientations and guidelines for guarantee companies, micro-loan companies and other comprehensive financial service providers in providing services with easier access and arrangement. As one of the leading service provider for SMEs in Beijing, the Group is endeavored to provide diversified and innovative financing and related services by adopting flexible and efficient solutions in accordance with the needs of customers.

In September 2014, the Group has participated in the establishment of an internet micro-loan company in Shenyang, the PRC, with a vision of gradually stepping into the fields of combining online and offline financing services and commence to expand its business region beyond geographical boundaries outside but not limited to Beijing.

Further, the tremendous market potential in the quasi-financial industry and the recent rise of the internet financing services has resulted in enormous demand of management, supervision and application softwares. In the interest of broadening the profit formula and help the Group with the ease of move into the internet financial industry freely, the Group has completed its acquisition of Beijing Auto-serve Software Company Limited ("Auto-serve") in March 2015, a software company principally engaged in providing various software and online platform for quasi-financial enterprises, which will be beneficial for the Group to combine the advantages of its financial services and the sophisticated technological softwares to enjoy the synergy effect and help the Group to develop into a more comprehensive financing services provider.

Despite the potential for growing in short-term financing services shown, the Board is pleased to announce that the Group's coal trading business continued to provide a steady source of income to the Group, even though there was a reduction in selling price per metric tonne of coal sold during the year, the Group was able to maintain its gross profit margin.

Ascribe to the impairment loss on goodwill and net fair value loss on the contingent considerations originated from the acquisition of Prima Finance and Auto-serve, the Group reported a substantial loss during the year. However, such losses are largely non-cash in nature and will not have any impact on the working capital sufficiency of the Group.

Looking into year 2015/16, the Group will continue to strengthen the short-term financing services segment and deepening its brand image, as well as to provide more comprehensive and innovative financial solutions by utilising the financial consultancy, entrusted loan, micro-loan, pawn loan and other standardised financial products based on the existing customers' network. Moreover, internet financing services are expected to be a new source of growth for the Group in the future, with the belief that it will not only expand the customer base beyond geographical boundaries, but also broaden the sources of funds of the Group and enrich our service portfolio. The Group will make best use of its rich experience and knowledge in the area of internet financing services, with the customer base from Auto-serve to improve our efficiency of risk management and establish a superior technological platform for the Group's business in short-term financing services. In addition, the Group has already obtained a money lenders licence and is planning to start the money lending business in Hong Kong in the near future, but such development will depend on the market demand and environment from this industry in Hong Kong. Through new establishment, mergers and acquisitions as well as co-operate with other financial institutions, the Group may gain more financial and quasi-financial experiences and enlarge its market share, with an aim to become one of the leading financing services provider in the PRC.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my gratitude to all employees, shareholders, partners and customers for their continued support and dedication. The Group will persist with the best efforts in striving for optimal development for the Group and returns for our shareholders in the times to come.

Mr. Han Jianli
Chairman

Hong Kong, 5 June 2015

Management Discussion and Analysis

BUSINESS AND FINANCIAL REVIEW

Capital Finance Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) short-term financing services in the People's Republic of China (the "PRC"); (ii) property investments in Hong Kong; (iii) business of coal trading between the PRC and Indonesia; and (iv) business of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC.

The Group recorded total turnover of approximately Hong Kong dollar ("HK$") 200,747,000 (2014: approximately HK$90,159,000) for the year ended 31 March 2015 representing an increase of approximately HK$110,588,000 as compared with last year. The short-term financing services business and development and sales of enterprise software business are the new businesses to the Group which generated additional income of approximately HK$122,589,000 (2014: Nil) and approximately HK$1,007,000 (2014: Nil) respectively. Since the new businesses have been acquired, the gross profit of the Group was improved to approximately HK$129,143,000 in current year (2014: approximately HK$7,854,000).

The Group has recorded an one-off gain of approximately HK$11,515,000 (2014: Nil) arising from the disposal of Star Trading International Investment Company Limited ("STII") and its subsidiaries (collectively referred as to the "STII Group"), which has been completed on 5 September 2014.

The selling and distribution costs for the year ended 31 March 2015 was similar to the last corresponding year of approximately HK$684,000 (2014: approximately HK$684,000), which were arising from the coal trading business.

The administrative and other expenses for the year ended 31 March 2015 decreased by approximately HK$1,804,000 to approximately HK$58,485,000 (2014: approximately HK$60,289,000), which was mainly due to the payment of legal and professional fees for the acquisition of the short-term financing services business was made in the last corresponding year. Such decrease has been partly offset by inclusion of those expenses arising from the new short-term financing services business for the year ended 31 March 2015.

The substantial loss attributable to the owners of the Company for the year ended 31 March 2015 was approximately HK$959,988,000 (2014: approximately HK$61,057,000) mainly due to:

(i) non-cash impairment loss on goodwill of approximately HK$546,085,000 arising from the acquisition of Prima Finance Holdings Limited ("Prima Finance") and its subsidiaries (collectively referred to as the "Prima Finance Group") and Vibrant Youth Limited and its subsidiaries and Beijing Auto-serve Software Company Limited (collectively referred to as the "Auto-serve Group"), which represents (a) non-cash impairment loss on goodwill arising from the acquisition of Prima Finance of approximately HK$538,480,000, of which approximately HK$262,546,000 is mainly as a result of the increase in the Company's share price which led to an increase in the fair value of the initial consideration and contingent consideration (comprising the consideration shares and convertible bonds issued by the Company and the contingent convertible bonds which may be issued by the Company) as at the date of completion of the acquisition of entire equity interests in Prima Finance (the "Prima Acquisition") on 25 June 2014; and approximately HK$275,934,000 is mainly as a result of deterioration in the equity value of Prima Finance. The reduction in the equity value of Prima Finance is mainly due to the recent continuous reduction in the benchmark lending rate and the lowering of reserve requirement ratio as announced by the PRC which are expected to have a negative impact on the Prima Finance's revenue and growth rate; and (b) non-cash impairment loss on goodwill arising from the acquisition of entire equity interests in Auto-serve Group (the "Auto-serve Acquisition") of approximately HK$7,605,000, which is mainly as a result of the increase in the Company's share price which led to an increase in the fair value of the consideration shares and contingent consideration shares as at the date of completion of the Auto-serve Acquisition on 13 March 2015;

(ii) fair value loss on contingent considerations of approximately HK$387,246,000, of which approximately HK$398,496,000 mainly arose from the fulfilment of profit guarantee in relation to the Prima Acquisition and approximately HK$11,250,000 is partially offset by the non-cash fair value gain on the contingent consideration in relation to the Auto-serve Acquisition which mainly arose as a result of the decrease in the Company's share price as at the reporting date which led to a decrease in the fair value of the contingent consideration shares;

(iii) non-cash fair value loss on an investment property of approximately HK$51,000,000 (2014: Nil);

(iv) the effective interest expenses of approximately HK$25,778,000 (2014: Nil) on convertible bonds and promissory notes issued during the year ended 31 March 2015;

(v) impairment loss on trade receivables for the coal trading business of approximately HK$12,116,000 (2014: Nil); and

(vi) settlement loss on early redemption of promissory notes of approximately HK$1,619,000 (2014: Nil).

The above-mentioned impairment and fair value losses are non-cash in nature and do not have any impact on the operating cash flows of the Group.

Coal Trading Business

Since the financial year 2013/2014, there was a reduction in selling price per metric tonne of coal sold, but it did not have significant impact to the cash flows or the operating model of the coal trading business pursuant to pages 18 and 19 of the circular of the Company dated 14 October 2010 (the "Indonesia Circular"), in particular maintaining a positive price gap between the purchase price and the selling price subject to the bargaining power of the Group against the customer and the supplier in each transaction and the fluctuation of the international coal price. The price negotiation will continue until each of the parties is satisfied and the Group is able to obtain a positive price gap. Given the master framework purchase agreement (the "LOIs") separately signed with the customers and suppliers to sell and purchase 30,000 metric tonnes (subject to (+/-) 10% fluctuation) of Indonesian coal per month, and will be renewed automatically upon expiration with same trading terms and conditions, the coal trading business will continue and provide a stable and regular source of income to the Group.

The decrease of turnover and increment of reportable segment loss of coal trading business by approximately HK$11,238,000 to approximately HK$75,381,000 (2014: approximately HK$86,619,000) and approximately HK$2,422,000 to approximately HK$9,377,000 (2014: approximately HK$6,955,000) was mainly due to the reduction in selling price per metric tonne of coal sold during the year and impairment loss on long outstanding trade receivables. In current year, the Group was able to maintain its gross profit margin and the Group will continue monitoring the selling price of steam coal as well as the controls over costs and related expenses towards the coal trading operations to ensure its continued profitability.

Management Discussion and Analysis

Property Investments

The property investments segment generated a rental income of HK$1,770,000 (2014: HK$3,540,000). Although the segment results recorded a loss of approximately HK$50,989,000 due to non-cash fair value loss on investment property (the "FV Loss-IP") of HK$51,000,000 (2014: Nil), the reportable segment profit before the FV Loss-IP was approximately HK$11,000.

The investment property located in Tuen Mun was valued at HK$50,000,000 on 31 March 2015 (31 March 2014: HK$101,000,000) in accordance with the valuation performed by an independent valuer. The decrease in valuation was mainly due to the result of oversupply of industrial premises in the area and the expiry of the tenancy agreement in October 2014. The FV Loss-IP is non-cash in nature and has no impact on the operating cash flows of the Group.

Short-term Financing Services

The Group has recorded losses for the last five consecutive financial years. For the two years ended 31 March 2013 and 2014, the Group recorded consolidated loss for the year from the continuing operations of approximately HK$25,207,000 and approximately HK$61,646,000 respectively. In view of the unsatisfactory performance of the Group and as part of the business plan as stated in the annual report of the Company for the year ended 31 March 2014, the Group has been exploring and evaluating new businesses and investment opportunities which could be of good potential and/or long-term benefits to the Group and the shareholders of the Company ("Shareholders").

To this end, the Company has identified Prima Finance Group as an appropriate acquisition target to the Group and the Directors are of the view that the Prima Acquisition would allow the Group to diversify into a new line of business with significant growth potential. Since the completion date of the Prima Acquisition (the "Completion Date"), the Group has extended its reach into the field of short-term financing services in the PRC, making a strategic long-term investment of the Group. Details are set out in the Company's announcement dated 25 June 2014 (the "Announcement – VSA Completion") and the Company's circular dated 30 May 2014 (the "Circular – VSA").

During the current financial year, the turnover of short-term financing services business was approximately HK$122,589,000. Although the segment results of the short-term financing services recorded a loss (the "Segmental Loss") of approximately HK$437,353,000 due to the impairment loss on goodwill of approximately HK$538,480,000. Excluding both the impairment loss on goodwill and the non-cash reversal of impairment (the "Reversal of Impairment-Loans to Customers") on loan to customers of approximately HK$1,702,000, the reportable segment profit before the impairment loss on goodwill and Reversal of Impairment-Loans to Customers was approximately HK$99,425,000. The impairment loss on goodwill and Reversal of Impairment-Loans to Customers are non-cash in nature and do not have any impact on the operating cash flows of the Group and the Board remains positive on the prospects of the business of short-term financing services.

Details of the impairment loss on goodwill in respect of Prima Acquisition are set out in page 8 of this annual report.

Management Discussion and Analysis

The impairment loss on goodwill was largely due to the increase in the fair value of initial consideration and contingent consideration. As disclosed in the Circular-VSA, the fair value of the initial consideration and contingent consideration as at the valuation date of 30 May 2014 was approximately HK$744,401,000 and HK$52,545,000 respectively. The market price of shares of the Company had increased since 30 May 2014 and up to the Completion Date. The fair value of the initial consideration and contingent consideration of approximately HK$1,091,079,000 and approximately HK$83,356,000 respectively at the completion date of Prima Acquisition as estimated by Greater China Appraisal Limited ("GCA"), which has increased as a result of such increase in the market price of shares of the Company, which in turn has resulted in a substantial amount of goodwill in connection with the Prima Acquisition.

Sales and Development of Enterprise Software Business

On 13 March 2015, the acquisition of Auto-serve Group was completed. Since then, the Group enters into a business of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC. Details of the Auto-serve Acquisition are set out in note 30(b) to the consolidated financial statements and details of the impairment loss on goodwill in respect of Auto-serve Acquisition are set out in page 8 of this annual report.

Normalised reportable segment results

To better present the actual operating results by adding back the non-cash impairment loss on goodwill for Prima Acquisition and Auto-serve Acquisition and deducting the Reversal of Impairment-Loans to Customers of approximately HK$546,085,000 and approximately of HK$1,702,000 respectively, the segmental loss for the year ended 31 March 2015 has to be adjusted upward from approximately HK$443,899,000, under the best estimate by management, to a normalised profit of the short-term financing services and sales and development of enterprise software business for the year ended 31 March 2015 of approximately HK$100,484,000.

	For the year ended 31 March 2015		
	Short-term financing services HK$'000	Sales and development of software HK$'000	Total HK$'000
The segmental loss	(437,353)	(6,546)	(443,899)
Add back: Impairment loss on goodwill	538,480	7,605	546,085
Less: Reversal of Impairment – Loans to Customers	(1,702)	–	(1,702)
Underlying earnings before tax	99,425	1,059	100,484

Management Discussion and Analysis

Prospects

Looking ahead, the Group is well-positioned to capitalise on the potential market growth for the short-term financing services and development and sales of enterprise software businesses in the PRC, due to the encouragement from the PRC government to the industry and therefore, the Group is still optimistic about the development of the short-term financing services business and its related business in the PRC, regardless the recent continuous reduction in the benchmark lending rate and the lowering of reserve requirement ratio as announced by the PRC which are expected to have a negative impact on the Prima Finance Group's revenue and growth rate in short run. The implementation of business plan of the Prima Finance Group and Auto-serve Group catering for the needs of the customers as well as the growth and prospects of the businesses of the Prima Finance Group and Auto-serve Group. At the same time, our strategy on business diversification remains. The Group will also consider to expand its business further in short-term financing services while continuously seeking potential investment opportunities so as to maximise the returns for the shareholders of the Company in a prudent and pragmatic manner.

LIQUIDITY AND FINANCIAL RESOURCES

The Group closely monitors its liquidity position by constant reviewing its cash forecast. The Group also aims to achieve lowest possible cost of funding for all of its operations. As at 31 March 2015, the Group has total bank borrowings of HK$43,113,000 (31 March 2014: Nil) comprising of (i) a long-term bank borrowing of approximately HK$12,133,000 ("HK$ Loan"); and (ii) a short-term bank borrowing of approximately HK$30,980,000 denominated in Renminibi ("RMB") (RMB24,500,000) ("RMB Loan"). All the bank borrowings were obtained on secured basis. The Group will try to obtain future financing on an unsecured basis, and whenever possible and appropriate, raise fund via equity funding activities in order to further reduce the cost of funding.

As at 31 March 2015, the Group had cash and cash equivalents of approximately HK$48,721,000 (31 March 2014: approximately HK$1,381,000).

Save as the capital commitment of RMB3,500,000 (equivalent to approximately HK$4,426,000) for a further investment in Shenyang Hulian as disclosed in note 34 to the consolidated financial statements, the Group has no other material capital expenditure commitments as at 31 March 2015.

As at 31 March 2015, the gearing ratio for the Group was approximately 2.10 (31 March 2014: N/A), calculated based on the debt (comprising bank loans, promissory notes and liability component of convertible bonds) of HK$564,430,000 and shareholders' equity of HK$269,246,000. The debt ratio was approximately 0.75 (31 March 2014: approximately 0.26), calculated as total liabilities over total assets of the Group.

CAPITAL STRUCTURE

The capital structure of the Group and fund raising activities during the year are summarised as follows:

(i) Bank Borrowings

The aforesaid HK$ Loan bears a floating interest rate and is secured by the Group's investment property and a corporate guarantee given by the Company while the RMB Loan bears a fixed interest rate of 6.7% per annum and is secured by a corporate guarantee given by an independent third party at a fee charged. Out of the total bank borrowings, approximately HK$32,280,000 (approximately 75%) was payable within one year, approximately HK$1,300,000 (approximately 3%) was payable within the second year, approximately HK$9,533,000 (approximately 22%) was payable in the third to fifth years.

(ii) Promissory Notes

During the year, the Company has issued 2 series of promissory notes as part of consideration for the Prima Acquisition. Summary of the promissory notes are as follows, further details are set out in note 24 to the consolidated financial statements:

Date of issue	Principal (HK$ million)	Interest rate per annum	Principal repayment due date	Redeemed principal (HK$ million)	Outstanding principal (HK$ million)
25 June 2014	50	8%	25 June 2019	46	4
6 February 2015	50	8%	6 February 2020	–	50

(iii) Convertible Bonds

During the year, the Company has issued 2 series of non-interest bearing convertible bonds as part of consideration of the Prima Acquisition. Below is the summary of the movement of convertible bonds during the year, further details are set out in note 25 to the consolidated financial statements:

Date of issue	Principal (HK$)	Maturity Date	Conversion Price per share	Amount converted into shares during the year (HK$)	Balance (HK$)	Number of Shares to be issued upon full conversion
25 June 2014	420,200,000	24 June 2019	HK$0.35	–	420,200,000	1,200,571,427
6 February 2015	236,000,000	5 February 2020	HK$0.35	–	236,000,000	674,285,714

(iv) Equity Fund Raising via Placement of Shares

The Group has raised fund via placement of shares during the year.

Details of placement of shares during the year and the use of proceed are set as below:

Date and particulars of placing	Net proceeds raised (approximately) HK$ million	Intended use of proceeds	Actual use of proceeds (approximately)
Placing of 51,800,000 new shares under general mandate on 24 March 2015 at a placing price of HK$0.58 per share	29.1	(i) Early settlement of part of the promissory notes; and (ii) as general working capital of the Group	(i) HK$26 million had been used for the settlement of part of the promissory notes; (ii) HK$0.7 million had been used for settlement of related expenses in relation to the Auto-serve Acquisition; and (iii) HK$2.4 million had been used as general working capital
Placing of 44,500,000 new shares under general mandate on 22 May 2014 at a placing price of HK$0.45 per share	19.7	(i) Funding the Prima Acquisition; and (ii) as general working capital of the Group	(i) HK$13.2 million had been used for settlement of the Prima Acquisition related expenses; and (ii) HK$6.5 million had been used as general working capital
	48.8		

Details of the shares issued during the year as set out in note 28 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND MATERIAL ACQUISITION AND DISPOSAL ACQUISITION

The Group has expanded significantly through completion of two significant acquisitions during the year.

(i) Acquisitions

The Group has completed the Prima Acquisition on 25 June 2014 with total consideration comprised (i) cash in the amount of HK$50,000,000; (ii) non-interest bearing convertible bonds in the aggregate amount of HK$656,200,000; (iii) the promissory notes of in the aggregate principal amount of HK$100,000,000 and (iv) 268,000,000 consideration shares at an issue price of HK$0.35 per share. After the acquisition, Prima Finance, the investment holding company of a group of companies specialised in the short-term financing business, became an indirect wholly-owned subsidiary of the Company. Details of the acquisition are disclosed in the circular of the Company dated 30 May 2014 and the announcements dated 25 June 2014 and 4 February 2015.

* *English name is for identification purpose only.*

The Group has completed the acquisition of Auto-serve Group on 13 March 2015. Consideration paid to vendors comprised (i) cash in the amount of RMB5,000,000 (equivalent to approximately HK$6,250,000); (ii)10,869,565 consideration shares, at an issue price of RMB0.368 (equivalent to HK$0.46). The Group may be required to issue a maximum of further 125,000,000 consideration shares at the same issue price, subject to the fulfillment of profit guarantee provided by the vendors. As a result of the Auto-serve Acquisition, 北京奧拓思維軟件有限公司 (Beijing Auto-serve Software Company Limited) and Vibrant Youth Limited, (together with their subsidiaries, engaged in the business of development and sales of enterprises software and provision of software maintenance and support services for financial sectors in the PRC) became wholly-owned subsidiaries of the Company.

(ii) Disposal

The Group also disposed of a commercial property during the year.

On 5 September 2014, the Group has disposed of a commercial property located in Shenzhen, the PRC, through the disposal of the entire issued share capital and shareholder's loan of STII and its subsidiary at a consideration of HK$20,000,000. STII was an investment holding company, which ultimately holding a commercial property located in Shenzhen valued at RMB16.8 million (equivalent to approximately HK$21 million) as at 30 June 2014 by GCA. Details of such disposal are set out in note 31 to the consolidated financial statements.

(iii) Significant Investments

Save as disclosed above and in the above section of "Business and Financial Review", and the 7% equity interest of 瀋陽金融商貿開發區互聯小額貸款有限公司 (Shenyang Hulian Micro-financing Company Limited*) ("Shenyang Hulian") disclosed in note 18 to the consolidated financial statements, there was no other significant investments made during the year, or plan for material investments or capital assets as at the date of this annual report, nor were there other material acquisitions and disposals of subsidiaries or associated companies during the year.

CHARGE OF GROUP ASSETS

As at 31 March 2015, the Group's investment property with a carrying value of HK$50,000,000 was pledged to secure the long-term bank borrowing of the Group (2014: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and US$ respectively. As at 31 March 2015, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and US$, used by the respective group entities, or in the US$ for the respective group entities with HK$ being the functional currency.

As HK$ is pegged to US$, the Group considers the risk of movements in exchange rates between HK$ and US$ to be insignificant for transactions denominated in US$. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2015, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

Management Discussion and Analysis

As at 31 March 2015, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

MATERIAL EVENTS AFTER REPORTING DATE

On 13 April 2015, convertible bonds at a conversion price of HK$0.35 per share with principal value of HK$33,000,000 have been converted into 94,285,713 new ordinary shares of the Company.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 March 2015, the Group employed a total of 180 employees (31 March 2014: 13). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Staff costs, excluding Directors' remuneration, for the year ended 31 March 2015 amounted to approximately HK$11,014,000 (2014: approximately HK$2,082,000).

CONTINGENT LIABILITIES

Save as the contingent considerations disclosed in note 30(b) to the consolidated financial statements which was recorded as liabilities of the Group as at 31 March 2015, the Group did not have any other significant contingent liabilities as at 31 March 2015 (2014: Nil).

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Han Jianli ("Mr. Han"), aged 50, is the executive Director since 9 October 2013. Mr. Han is also the chairman, Chief Executive Officer and authorised representative of the Company. Mr. Han has over 20 years of experience in money lending business in the PRC. During May 2013 to May 2014, Mr. Han was the risk controller of Zhong Wei (Beijing) Credit Management Company Limited Weijinsuo Platform (中微(北京)信用管理有限公司微金所平台). Prior to that, Mr. Han was an Intermediate Account Manager in the Industrial and Commercial Bank of China Limited, Haidian branch's Credit Department (中國工商銀行海澱支行信貸部) from 1992 to 2006, was a vice president in Zhong Hui Guarantee Company Limited (中慧擔保有限公司) from 2006 to 2010, and was a vice general manager in Beijing Shi Guo Xu Microfinance Company Limited (北京市國旭小額貸款有限公司) from 2010 to May 2013. Mr. Han graduated in 1987 from the Military Institute of Physical Education of The People's Liberation Army (中國人民解放軍軍事體育學院), with three academic years of physical education instructor (staff) training (體育專業體育教員(參謀)培訓三年學制大專修業).

Mr. Wong Wai Sing ("Mr. Wong"), aged 29, the vice-chairman and executive Director of the Company. Mr. Wong joined the Company since 13 October 2008 and has taken up the management role as an executive director of a number of subsidiaries of the Company. Mr. Wong, is a member of the Hong Kong Institute of Directors. Mr. Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United States of America (the "USA") and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局). Mr. Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories. Mr. Wong has experience in a wide range of business, including the coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organization, TV series production, operation of an artist training school, provision of motor vehicles beauty services and provision of underwriting services for general insurance and reinsurance business, manufacture and trading of hygienic disposables for household and clinical uses, trading of methyl tert-butyl ether's and wholesale and retail of household consumables. He was the owner of Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which is principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5).

Mr. Wong was a consultant of a Hong Kong-based medium-sized CPA firm for more than 1 year. He was also a chairman and an executive director of TLT Lottotainment Group Limited, a company incorporated in Hong Kong and the issued shares of which are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 8022), from 17 April 2009 to 31 May 2011. Mr. Wong is currently an Executive Director and the Chairman of Newtree Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board ("Main Board") of the Stock Exchange (stock code: 1323) ("Newtree").

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwok Kam Tim ("Mr. Kwok"), aged 38, is the independent non-executive Director and chairman of the remuneration committee and audit committee and a member of nomination committee of the Company. Mr. Kwok is a fellow member of the Association of Chartered Certified Accountants (the "ACCA"), an associate member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators. Mr. Kwok holds a bachelor's degree of engineering in electronics engineering from the Hong Kong University of Science and Technology, bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University and a master's degree of corporate governance from the Hong Kong Polytechnic University. Mr. Kwok has over 13 years of experience in accounting and financial managements and previously worked in an international accounting firm. Mr. Kwok is currently a financial controller of the Loudong General Nice Resources (China) Holdings Limited, a company listed on the Main Board (stock code: 988). Mr. Kwok is also an independent non-executive director of Newtree.

Mr. Chen Yihua ("Mr. Chen"), aged 41, is the independent non-executive Director and chairman of the nomination committee and a member of the remuneration committee and audit committee of the Company. Mr. Chen holds a bachelor's degree of in machinery manufacturing engineering from Tianjin University, the PRC. Mr. Chen has 14 years of experience in management in international express logistic industry. Mr. Chen is also familiar with import and export business in machinery and equipment. Mr. Chen held managerial position in different multinational companies, such as China National Overseas Engineering Corporation and FedEx Express-DTW Co. Ltd. Mr. Chen is currently the senior director of infrastructure and process engineering of DHL-Sinotrans International Air Courier Ltd.

Mr. Du Hui ("Mr. Du"), aged 41, is the independent non-executive Director. Mr. Du is also a member of the remuneration committee, audit committee and nomination committee of the Company. Mr. Du has over 11 years of experience in financial management in the PRC. Mr. Du has been the sales controller of Beijing Lanxum Technology Company Limited ("Beijing Lanxum"), a company listed on the Chinext of Shenzhen Stock Exchange (stock code: SHE:300010), since December 2010. Prior to that, Mr. Du had been a financial controller in Beijing Lanxum from 2002 to November 2010. Mr. Du graduated in 1998 from Sun Yat-sen University with a bachelor's degree of laws and graduated in 2002 from Renmin University of China, with an undergraduate degree of Accounting.

Directors and Senior Management

SENIOR MANAGEMENT

Ms. Sung Ting Yee ("Ms. Sung"), aged 40, is the chief financial officer and chief investment officer of the Company. Ms. Sung holds a master's degree of business administration from University of Birmingham, United Kingdom and a bachelor's degree of arts (Honours) in accountancy from Birmingham City University (formerly known as University of Central England in Birmingham), United Kingdom. Ms. Sung is a Certified Public Accountant of the HKICPA and a fellow member of the ACCA. Ms. Sung has over 16 years' experience in finance, accounting, external and internal auditing in both Hong Kong and the PRC. Ms. Sung previously worked as an audit manager in an international accounting firm and an internal audit manager in BALtrans Holdings Limited, which was subsequently delisted on the Main Board after her term of service. Prior to join to the Company, Ms. Sung was a finance manager of China Mining Resources Group Limited (stock code: 340), a company listed on the Main Board. Ms. Sung first joined the Company as internal audit manager and was appointed as the chief investment officer of the Company on 2 March 2010. Ms. Sung was re-designated as a chief financial officer and a group financial controller of the Company with effect from 27 September 2010 and 6 August 2012 respectively and then subsequently re-designated from her position as a group financial controller to the chief financial officer and chief investment officer of the Company with effect from 2 July 2013. Ms. Sung was the chairman, executive director and finance director of Sky Forever Supply Chain Management Group Limited (formerly known as China Neng Xiao Technology (Group) Limited) (stock code: 8047), a company listed on the GEM board. Ms. Sung was the company secretary and the chief financial officer of Colors Securities Limited and Colors Commodities Limited, both of which are companies principally engaged in the provision of financial services. Ms. Sung was also the chief financial officer of Colors Finance Limited, a licensed company engaged in money lending business in Hong Kong. Ms. Sung is the joint vice-chairman, executive director and chief executive officer of Newtree, a company listed on the Main Board.

Ms. Chan Sau Yee ("Ms. Chan"), the company secretary and an authorised representative of the Company. Ms. Chan is a fellow member of Institute of Chartered Secretaries and Administrators in United Kingdom and The Hong Kong Institute of Chartered Secretaries respectively. She obtained a Bachelor Degree in Economics and a Postgraduate Certificate in Laws from the University of Hong Kong. She also holds a Bachelor of Law Degree from the University of London. Ms. Chan has more than 16 years of company secretarial experience gained from international law firms, listed companies and large private groups.

Corporate Governance Report

The Company is committed to promoting high standards of corporate governance through its continuous effort in improving its corporate governance practices and process. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for safeguarding the interests and the Group's assets.

Throughout the year, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules with the exception of the following deviation and the deviation mentioned under the heading of "Chairman and chief executive" in this Corporate Governance Report:

CODE PROVISION A.4.1

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

DEVIATION

Non-executive Directors were not appointed for a fixed term. The bye-laws of the Company (the "Bye-laws") stipulate that every Director (including executive or non-executive directors) shall be subject to retirement for re-election at least once every three years. Therefore, the Company has adopted adequate measures to ensure the corporate governance of the Company complies with the same level to that required under the CG Code.

CODE PROVISION A.6.7

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

DEVIATION

Mr. Du Hui and Mr. Chen Yihua were unable to attend the special general meeting of the Company held on 18 June 2014 as they had other important business engagement.

Mr. Du Hui and Mr. Chen Yihua were unable to attend the special general meeting of the Company held on 9 October 2014 as they had other important business engagement.

Mr. Du Hui and Mr. Chen Yihua were unable to attend the annual general meeting (the "AGM 2014") of the Company held on 31 July 2014 as they had other important business engagement.

CODE PROVISION E.1.2

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

Corporate Governance Report

DEVIATION

The then chairman of the Board, Mr. Wong Wai Sing, was unable to attend the AGM 2014 as he had other important business engagement. However, Mr. Tsang Ho Ka, Eugene, the then Vice-chairman, had chaired the AGM 2014 in accordance with Bye-laws.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the year.

THE BOARD

During the year, the Board comprised the following Directors:

Executive Directors
Mr. Han Jianli (Appointed as the Chairman on 1 January 2015)
Mr. Wong Wai Sing (Re-designated from Chairman to Vice-chairman on 1 January 2015)

Non-executive Directors
Mr. Tsang Ho Ka, Engene (Resigned on 27 February 2015)
Mr. Kowk Kam Tim
Mr. Chen Yihua
Mr. Du Hui

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;
- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates Shareholders on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

THE BOARD *(Continued)*

The non-executive Directors (including the independent non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without presence of the executive Directors to evaluate the functioning of the Board.

None of the non-executive Directors have been appointed for a specific term of service. They are subject to the retirement by rotation and re-election of Directors in the Bye-laws, which requires one-third of the Directors in office to retire from office by rotation but eligible for offering themselves to be re-elected each annual general meeting.

The executive Directors of the Company are delegated with responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Director has made written annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules. Upon review, the Board concluded that all the independent non-executive Directors are independent within the meaning of the GEM Listing Rules.

CHAIRMAN AND CHIEF EXECUTIVE

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

From 1 April 2014 to 1 January 2015, the role of chairman and the chief executive officer ("CEO") were separately performed by Mr. Wong Wai Sing as the Chairman; and Mr. Ho Pui Tin, Terence and Mr. Han Jianli as the CEO for the period from 1 April 2014 to 31 July 2014 and from 31 July 2014 onwards respectively.

Mr. Wong Wai Sing, Mr. Han Jianli and Mr. Ho Pui Tin, Terence are acknowledged the distinct roles of the Chairman, and the CEO. Their respective responsibilities are clearly defined and segregated to ensure a balance of power and authority, and reinforce their independence and accountability. The Chairman provides leadership for the decision of the Board regarding the daily operations and administration of the Company are delegated to the management, led by the CEO. Acting as the principal manager, CEO develops operating plans and strategies to the Board and ensuring the effective implementation of the strategies and policies adopted and prioritised by the Board supported with effective and competence management built and maintained by him. The CEO maintained ongoing dialogue with the Chairman, and all Directors to keep them timely and appropriately informed of all major changes and business development.

On 1 January 2015, Mr. Wong Wai Sing was re-designated as the Vice-chairman and Mr. Han Jianli, the CEO was appointed as the Chairman. Accordingly Mr. Han Jianli are both the Chairman and CEO since 1 January 2015. Given the size and that the Company's and the Group's current business operations and administration have been relatively stable since 2015, the Board is satisfied that the current structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time the need to separate the roles of the Chairman and the CEO if the situation warrants it.

THE BOARD COMMITTEES

(1) Remuneration Committee (the "RC")

The RC reviews and approves the remunerations of directors. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC was set up on 20 March 2006 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is formed by a majority of independent non-executive Directors and chaired by an independent non-executive Director. During the year, the members of the RC are as follows:

Independent non-executive Directors:
Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui

Executive Directors:
Mr. Ho Pui Tin, Terence (Resigned on 31 July 2014)
Mr. Wong Wai Sing (Appointed on 31 July 2014)

The RC held 1 meeting and passed 1 written resolutions during the year. The Company Secretary acts as the secretary to the RC. The roles of the RC are to recommend to the Board the policy and structure for the remuneration of the executive Directors and senior management and to determine, with delegated responsibility, their specific remuneration packages, assessing and approving performance-based remuneration of executive Directors with reference to the corporate goals and objectives, and to make recommendations to the Board on the remuneration of non-executive Directors. They are provided with sufficient resources by the Company to discharge its duties. No individual Director is involved in deciding his or her own remuneration.

The remuneration packages of individual executive Directors and senior management, comprising a basic salary and a performance related bonus for their contributions, were determined, with delegated responsibility in according to the code B.1.2(c)(i). Details of Directors' remuneration are set out in note 8 to the consolidated financial statements in this annual report.

The Company has adopted a share option scheme since 2012 (details of which are set out in note 32 of the consolidated financial statements in this annual report). The purpose of the said share option scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

The senior management remuneration during the year was within the following bands:

	Number of individuals
HK$Nil to HK$1,000,000	4

THE BOARD COMMITTEES *(Continued)*

(2) Nomination Committee (the "NC")

The NC was set up on 1 February 2012 with written terms of reference to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC is chaired by an independent non-executive Director. The NC comprises a majority of independent non-executive Directors. During the year, the members of the NC are as follows:

Independent non-executive Directors:
Mr. Chen Yihua (Chairman since 31 July 2014)
Mr. Kwok Kam Tim (Chairman up to 31 July 2014)
Mr. Du Hui

Executive Directors:
Mr. Ho Pui Tin, Terence (up to 31 July 2014)
Mr. Wong Wai Sing (from 31 July 2014)
Mr. Han Jianli (from 31 July 2014)

The NC held 1 meeting during the year. The Company Secretary acts as the secretary to the NC. The roles and functions of the NC include to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, review the Policy (as defined below) and the progress on achieving the objectives set for implementing the Policy, make recommendations to the Board on the appointment or re-appointment of Directors, and succession planning for Directors, in particular the chairman of the Board and the chief executive.

Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All Board appointments will be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board. The board diversity policy (the "Policy") adopted aims to set out the approach to achieve diversity on the Board. A summary of the Policy is set out below:

Measurable Objectives and Implementation

The Company commits to selecting the best person for the role. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural background and ethnicity, in addition to educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

Monitoring and Reporting

The NC will report annually, in this annual report, on the Board's composition under diversified perspectives, and monitor the implementation of this Policy.

Review of this Policy

The NC will review this Policy, as appropriate, to ensure the effectiveness of the Policy. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

THE BOARD COMMITTEES *(Continued)*

(3) Audit Committee (the "AC")

The AC of the Company comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. During the year, the members of the AC are as follows:

Independent non-executive Directors:
Mr. Kwok Kam Tim *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui

The AC held 5 meetings during the year. The Company Secretary acts as the secretary to the AC. The AC performs, amongst others, the following roles and functions:

- ensure that co-operation is given by the Company's management to the external auditor where applicable;
- review the Group's quarterly, half-yearly and annual results announcements and reports and the financial statements prior to their recommendations to the Board for approval;
- review the effectiveness of Group's financial reporting process and internal control system; and
- review of transactions with connected persons (if any).

BOARD COMPOSITION AND BOARD AND COMMITTEE MEETINGS

Practices and Conduct of Meetings

The Board meets regularly at least four times each year and more frequently as the needs of the business demand. Apart from the Board meetings, the Board would from time to time devote separate sessions to consider and review the Group's strategy and business activities.

The Board and committees meeting schedule and the agenda of each meeting were made available to Directors in advance.

Notices of regular Board meetings were served to all Directors at least 14 days before the meetings. For all other Board and Committees' meetings, reasonable notices were given.

Papers for Board meetings or Committees' meetings together with all relevant information are sent to all Directors or Committee members at least 3 days before each meeting to enable them to make informed decisions with adequate data. The Board and each Director also have direct and independent access to the management whenever necessary.

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws also contain provisions requiring the 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.

BOARD COMPOSITION, AND BOARD AND COMMITTEE MEETINGS *(Continued)*

Composition

As at 31 March 2015, the Board comprises two executive Directors, and three independent non-executive Directors. The Company has 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 whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the year.

Biographical details of the Directors are shown on pages 17 to 18 and set out on the websites of the Company. The List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the AC, RC and NC to oversee specific areas of the Company's affairs. Each of these Committees has been established with written terms of reference, which were approved by the Board, setting out the Committee's major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange.

Meetings Held and Attendance

The composition of the Board and the Committees, and the individual attendance records of each Director at the Board and Committees' meetings during the year are set out below:

	Meetings attended/Meetings held					
Name of Directors	Board meetings	AC meetings	RC meetings	NC meetings	Annual general meeting	Special general meetings
Executive Directors						
Mr. Han Jianli *(Chairman and CEO)*	16/22	N/A	N/A	N/A	0/1	0/2
Mr. Wong Wai Sing *(Vice-chairman)*	16/22	N/A	0/1	N/A	0/1	0/2
Mr. Ho Pui Tin, Terence (note 1)	3/6	N/A	0/1	0/1	0/1	0/1
Non-executive Director						
Mr. Tsang Ho Ka, Eugene (note 2)	13/19	N/A	N/A	N/A	1/1	2/2
Independent Non-executive Directors						
Mr. Kwok Kam Tim	18/22	5/5	1/1	1/1	1/1	2/2
Mr. Chen Yihua	13/22	3/5	0/1	0/1	0/1	0/2
Mr. Du Hui	21/22	5/5	1/1	1/1	0/1	0/2
Total number of meeting held	22	5	1	1	1	2
Total number of written resolution passed	12	0	1	0	N/A	N/A

Notes:

1. Mr. Ho retired as the executive Directors on 31 July 2014. His attendances were shown with reference to the number of the meetings held during the year before his cessation as the Director.

2. Mr. Tsang resigned as the non-executive Directors on 27 February 2015. His attendances were shown with reference to the number of the meetings held during the year before his cessation as the Director.

INDUCTION AND CONTINUOUS DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his/her knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices.

In order to keep Directors remain informed and refresh their relevant knowledge and skills (note 1), the Company has funded suitable trainings and encouraged Directors to participate in continuous professional developments. The Directors have confirmed that they have received the training as follows:–

Name of Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/or forums	Receiving briefings from Chief Financial Officer, Company Secretary and/or other executives
Han Jianli	✔	✔	✔
Wong Wai Sing		✔	✔
Tsang Ho Ka, Eugene (note 2)	✔	✔	
Ho Pui Tin, Terence (note 2)	✔	✔	✔
Kwok Kam Tim	✔	✔	
Chen Yihua	✔		✔
Du Hui	✔		

Note 1: Training set out above refers to training relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities.

Note 2: Mr. Tsang Ho Ka, Eugene ceased to act as Director on 27 February 2015. Mr. Ho Pui Tin, Terence ceased to act as Director on 31 July 2014.

The Directors acknowledge the need for continuous professional development so that they can continue contributing to the Company, and the Company provides support whenever relevant and necessary.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis.

The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, half-yearly and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The above statements, which should be read in conjunction with the independent auditor's report, are made with a view to distinguishing for Shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

ACCOUNTABILITY AND AUDIT *(Continued)*

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

The quarterly, interim and annual results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

AUDITOR'S REMUNERATION

During the year, the remuneration, reviewed and approved by the AC on the audit and non-audit scope, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, Mazars CPA Limited (2014: BDO Limited), were as follows:

Nature of services	**Mazars CPA Limited 2015 Amount HK$'000**	BDO Limited (note 1) 2014 Amount HK$'000
Audit services	**1,420**	448
Non-audit services (note 2)	**680**	96

Note 1: BDO Limited resigned as auditors on 22 September 2014. BDO Limited did not provide any audit or non-audit services to the Company during the period commencing 1 April 2014 to 22 September 2014.

Note 2: Non-audit services provided by Mazars CPA Limited during the year included agreed-upon procedures reports on the Group's quarterly and interim results and agreed-upon procedures report in relation to the Prima Finance Group's guaranteed profit for the year ended 31 December 2014.

CORPORATE GOVERNANCE FUNCTION

The written terms of reference of the corporate governance functions was adopted by the Company on 1 February 2012 and the Board is collectively responsible for the following corporate governance functions:

- to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
- to review and monitor the training and continuous professional development of Directors and senior managements;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- to review the Company's compliance with the CG Code and disclosure in corporate governance reports; and
- such other corporate governance duties and functions set out in the CG Code (as amended from time to time) for which the Board are responsible.

INTERNAL CONTROL

The Board has conducted annual review on the system of internal control of the Group and its effectiveness covering the financial, operational, compliance controls and risk management functions. The Board is committed to implementing an effective and sound internal control system to safeguard the interest of the Shareholders and the Group's assets.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Bye-laws. The Company Secretary is an employee of the Company and is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. The Company Secretary, Ms. Chan Sau Yee, confirmed that she has complied with all the qualifications, experience, and professional training requirements of the GEM Listing Rules.

CONSTITUTIONAL DOCUMENTS

The latest version of the amended and restated Bye-laws has been published both on the websites of the Company and the Stock Exchange since 9 March 2012 and did not made any amendments to the Bye-laws during the year.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with the Shareholders. The Company promotes communications with the Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and interim and annual reports as prescribed under the Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from the Shareholders.

The Shareholders are encouraged to attend all general meetings of the Company. The notices of the special general meetings and annual general meeting of the Company were circulated to all the Shareholders in accordance with the requirements of the GEM Listing Rules and the Bye-laws. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the websites of the Stock Exchange and the Company after the meetings.

Any comments and suggestions to the Board can be addressed to our Hong Kong office or the Company Secretary by mail to Suites 3509-10, 35/F., Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong or email at general@capitalfinance.hk.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

In accordance with the Company's bye-law 58 of the Bye-laws, the Shareholders holding at the date of deposit of the requisition not less than one-tenth of the issued share capital of the Company carrying the right of voting at extraordinary general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (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 requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda.

A Shareholders' communication policy was adopted by the Company in March 2012 to maintain an on-going dialogue with the Shareholders and encourage them to communicate actively with the Company. The Board has reviewed the said policy from time to time to ensure its effectiveness.

Report of the Directors

The Directors herein submit their report together with the audited financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in note 17 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the performance of the Group for the year ended 31 March 2015 by operating segment is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's consolidated loss for the year ended 31 March 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 126.

The Directors do not recommend for payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the results of the Group for each of the five years ended 31 March 2015 and of the assets and liabilities of the Group as at 31 March 2015, 2014, 2013, 2012 and 2011 respectively is set out on page 127 of this annual report.

INVESTMENT PROPERTY

Details of movements in the investment property are set out in note 14 to the consolidated financial statements. Details of the property held for investment purpose are set out on page 128 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2015 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 March 2015 are set out in the consolidated statement of changes in equity on pages 49 to 50 of this annual report and in note 29 to the consolidated financial statements, respectively.

The Company had no distributable reserve as at 31 March 2015 (2014: Nil).

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting (the "AGM") of the Company, the register of members of the Company will be closed from Wednesday 29 July 2015 to Friday 31 July 2015, both days inclusive, during which period no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Tengis Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday 28 July 2015.

DONATIONS

No charitable donations was made by the Group during the year ended 31 March 2015 (2014: Nil).

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

The sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 53% and 100% of the total sales and purchases for the year ended 31 March 2015, respectively.

The Group's largest customer and supplier accounted for approximately 38% and 100% of the total sales and purchases for the year ended 31 March 2015, respectively.

None of the Directors, their associates or the shareholders of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has a beneficial interest in these major customers or suppliers.

CONTINUING CONNECTED TRANSACTIONS

Pawnbrokers Structured Agreements

During the year, the Group had the following continuing connected transactions which are subject to the reporting requirements under Chapter 20 of the GEM Listing Rules.

The Pawnbrokers Structured Agreements (collectively the Pawnbrokers Equity Pledge Agreements, the Pawnbrokers Exclusive Option Agreements, the Pawnbrokers Exclusive Service Agreements and the Pawnbrokers Proxy Agreements) were entered into in order to enable the Group to manage the business of the Pawnbokers, comprising Beijing City Jinfu Pawning Company Limited ("Beijing Jinfu"), Beijing Jinlu Pawning Company Limited ("Beijing Jinlu"), Beijing City Jinshou Pawning Company Limited ("Beijing Jinshou") and Beijing City Jinxi Pawning Company Limited ("Beijing Jinxi") in the PRC, under which all the business, financial and operating activities of Pawnbokers are managed by Beijing Wanchi Technology Company Limited ("Beijing Wanchi"), and all economic benefits and risks arising from the business, financial and operating activities of the Pawnbokers are transferred to Beijing Wanchi by means of operation and management fees payable by Pawnbokers to Wanchi.

(1) The Pawnbrokers Exclusive Service Agreements

Beijing Wanchi and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Service Agreements, pursuant to which, each of the Pawnbrokers agreed to engage Beijing Wanchi on an exclusive basis to provide operation and management services in connection with the business of the relevant Pawnbroker in the PRC. Each of the Pawnbrokers agreed, subject to compliance with the PRC laws and regulations, to pay to Beijing Wanchi the fees equivalent to the total profits before income tax as audited in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") after deducting all relevant costs and reasonable expenses in connection with the business operation of the relevant Pawnbroker. Beijing Wanchi has the right to decide whether the Pawnbroker concerned should continue operations and the Pawnbroker concerned should unconditionally agree to the decision made by Beijing Wanchi for such purpose.

The Pawnbrokers Exclusive Service Agreements have a term of 10 years beginning from their effective date (i.e. 1 August 2013) and shall be renewed automatically for another 10 years upon every expiration of the term unless terminated by Beijing Wanchi with a 30-day written notice to the other parties or all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

(2) The Pawnbrokers Exclusive Option Agreements

Beijing Wanchi, Zhong Jinfu (Beijing) Investment Management Company Limited ("ZJF Investment"), Yun Shui Yue Investment Management (Beijing) Company Limited ("YSY Investment"), Mr. Dai Di, Mr. Dai Hao and Ms. Jin Yu (collectively, the "Dai Family") and each of the Pawnbrokers have entered into the Pawnbrokers Exclusive Option Agreements, pursuant to which, ZJF Investment and YSY Investment irrevocably and unconditionally granted to Beijing Wanchi the exclusive rights to acquire or to nominate persons to acquire all or part of the equity interests in and/or assets of the relevant Pawnbroker at the minimum consideration as permitted by the PRC laws and regulations. Pursuant to the Pawnbrokers Exclusive Option Agreements, each of the Pawnbrokers may not, without the prior written consent of Beijing Wanchi, declare or distribute any dividends to its shareholders. The Pawnbrokers Exclusive Option Agreements became effective on 1 August 2013 and will expire on the date on which all the equity interests or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s) pursuant to the Pawnbrokers Exclusive Option Agreements.

(3) The Pawnbrokers Proxy Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Proxy Agreements, pursuant to which, Beijing Wanchi or its nominee(s) is irrevocably and unconditionally authorised to exercise shareholders' rights in the relevant Pawnbroker.

Beijing Wanchi or its nominee(s) may exercise such shareholders' rights without the prior consultation with ZJF Investment, YSY Investment or the Dai Family. Further, ZJF Investment, YSY Investment or the Dai Family shall not exercise such shareholders' rights without the prior written consent of Beijing Wanchi.

The Pawnbrokers Proxy Agreements became effective on 1 August 2013 and will expire on the date on which all the equity interests in or assets of the Pawnbrokers are transferred to Beijing Wanchi and/or its nominee(s).

(4) The Pawnbrokers Equity Pledge Agreements

Beijing Wanchi, ZJF Investment, YSY Investment, the Dai Family and each of the Pawnbrokers have entered into the Pawnbrokers Equity Pledge Agreements, pursuant to which, the first priority security interests (the "Pledged Pawnbrokers Equity Interests") over the equity interests in the Pawnbrokers were granted to Beijing Wanchi for guaranteeing the performance of the Pawnbrokers Exclusive Service Agreements, the Pawnbrokers Exclusive Option Agreements and the Pawnbrokers Proxy Agreements.

The Pawnbrokers Equity Pledge Agreements provide that none of the Pledged Pawnbrokers Equity Interests may be transferred or be pledged without prior written consent of Beijing Wanchi.

The Pawnbrokers Equity Pledge Agreements became effective on 1 August 2013 and shall be terminated pursuant to its terms and conditions.

Details of Pawnbrokers Structured Agreements were disclosed in the circular of the Company dated 30 May 2014.

Each of the Pawnbrokers and Beijing Wanchi (the Company's wholly-owned subsidiary) and/or, as the case may be, ZJF Investment, YSY Investment and the Dai Family (a substantial shareholder of the Company) have entered into the respective Pawnbrokers Structured Agreements. The Dai Family is a connected person of the Company. In addition, as disclosed in the circular of the Company dated 30 May 2014, the directors, chief executives or substantial shareholders of the Pawnbrokers (each of them are treated as the Company's wholly-owned subsidiaries) and their respective associates are connected persons of the Company.

In view of the fact that both ZJF Investment and YSY Investment are wholly-owned by the Dai Family. ZJF Investment and YSY Investment are also substantial shareholders of the Pawnbrokers. The transactions conducted under the Structured Agreements are continuing connected transaction as defined in Chapter 20 of the GEM Listing Rules.

During the year ended 31 March 2015, Beijing Wanchi was entitled to operation and management fees from the Pawnbrokers in a manner as prescribed in the Pawnbrokers Exclusive Services Agreement on 23 December 2013. The operation and management fees payable by Pawnbrokers to Beijing Wanchi are equivalent to the total profits before income tax as audited in accordance with the HKFRSs after deducting all relevant costs and reasonable expenses in connection with the business operation of the relevant Pawnbroker for the period from the acquisition completion date on 25 June 2014 to the year ended 31 March 2015. No dividend or other distribution had been made by the Pawnbrokers to its registered shareholders for the year ended 31 March 2015.

The independent non-executive Directors have reviewed the Pawnbrokers Structured Agreements and confirmed that: (1) the transactions carried out during the year ended 31 March 2015 have been entered into in accordance with the relevant provisions of the Pawnbrokers Structured Agreements and have been operated so that the total before-tax profit of the Pawnbrokers (after deducting all relevant costs and reasonable expenses in connection with their business operations) have been retained by the Group; (2) no dividends or other distributions have been made by the Pawnbrokers to its registered shareholders which are not otherwise subsequently assigned or transferred to the Group. There was no new contract or renewed contract (on the same terms as the existing Pawnbrokers Structured Agreement) entered into during the year ended 31 March 2015.

The Company's auditor was engaged to report on the continuing connected transactions entered into by the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" and with reference to Practice Note 740 "*Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules*" issued by the Hong Kong Institute of Certified Public Accountants. Based on the results of the work performed, the auditor has issued a letter containing an unmodified conclusions in respect of the continuing connected transactions in accordance with Chapter 20 of the GEM Listing Rule in confirming that:

a. nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Company's board of directors;

b. nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the relevant provisions of the Pawnbrokers Structured Agreements and have been operated so that the total before-tax profit of the Pawnbrokers (as defined in the Company's circular dated 30 May 2014) (after deducting all relevant costs and reasonable expenses in connection with their business operations) have been retained by the Group; and

c. nothing has come to their attention that causes them to believe that dividends or other distributions have been made by the Pawnbrokers to its registered shareholders which are not otherwise subsequently assigned or transferred to the Group.

Report of the Directors

DIRECTORS

The Directors during the year ended 31 March 2015 and up to the date of this annual report were:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. Han Jianli (Appointed as Chairman on 1 January 2015 and as Chief Executive Officer on 31 July 2014) Mr. Wong Wai Sing (Re-designated as Vice-chairman on 1 January 2015) Mr. Ho Pui Tin, Terence (Resigned as Chief Executive Officer and retired as executive Director on 31 July 2014)	Mr. Tsang Ho Ka, Eugene (Resigned as Vice-chairman on 31 July 2014 and as non-executive Director on 27 February 2015)	Mr. Kwok Kam Tim Mr. Chen Yihua Mr. Du Hui

Mr. Han Jianli and Mr. Wong Wai Sing are due to retire from the Board by rotation in accordance with bye-law 84(1) of the Bye-laws at the forthcoming AGM (to be held on 31 July 2015). The retiring Directors, being eligible, offer themselves for re-election.

The Company confirmed that it has received from each of the independent non-executive Directors the annual confirmation for his independence pursuant to the GEM Listing Rules and still considers them to be independent as at the date of this annual report.

The Directors' biographical details are set out on pages 17 to 18.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company who are proposed for re-election at the AGM has a service contract with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which (i) 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 or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Directors	Capacity	Number of ordinary Shares held	Approximate percentage of shareholding in the Company
Mr. Wong Wai Sing	Beneficial owner	36,400	0.01
	Interest of a controlled corporation (note)	3,075,676 (note)	0.27

Note: Mr. Wong Wai Sing is the Vice-chairman of the Company and an executive Director. Out of the 3,075,676 Shares, 75,676 Shares are held by Ming Kei International Holding Company Limited ("MKIH"), a company which is wholly and beneficially owned by Mr. Wong, and 3,000,000 Shares are held by Twin Star Global Limited ("TWGL"), a company which is 50% owned by Mr. Wong. Accordingly, he is deemed to be interested in the aggregate of 3,075,676 Shares held by MKIH and TWGL.

Save for those disclosed above, as at 31 March 2015, none of the Directors or chief executives 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) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Particulars of the share option scheme adopted on 2 August 2012 (the "Share Option Scheme") are set out in note 32 to the consolidated financial statements.

No share option was granted, outstanding, lapsed, cancelled or exercised at any time during the year ended 31 March 2015.

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

The register of substantial shareholders of the Company pursuant to Section 336 of the SFO showed that, as at 31 March 2015, the following persons had interests in more than 5% of the Company's issued share capital:

Long positions in the Shares

Name of substantial shareholder	Number of shares interested			
	Direct interests	Deemed interests	Total interests	Percentage of the issued share capital of the Company *(Note 5)*
Exuberant Global Limited *(note 1)*	1,464,571,429	–	1,464,571,429	142.05
Mr. Dai Di *(note 1)*	–	1,464,571,429	1,464,571,429	142.05
Time Prestige Holdings Limited *(note 2)*	161,142,857	–	161,142,857	15.63
Mr. Dai Hao *(notes 2 and 3)*	–	563,999,999	563,999,999	54.70
Bustling Capital Limited *(note 3)*	402,857,142	–	402,857,142	39.07
Ms. Jin Yu *(notes 2 and 3)*	–	563,999,999	563,999,999	54.70
Silver Palm Limited *(note 4)*	71,428,571	–	71,428,571	6.93
Mr. Wang Jia Sheng *(note 4)*	–	71,428,571	71,428,571	6.93

Notes:

1. The 1,464,571,429 Shares held by Exuberant Global Limited ("Exuberant Global") represent (i) 174,200,000 Shares and (ii) 1,290,371,429 Shares to be issued upon full conversion of the convertible bonds. Exuberant Global is wholly and beneficially owned by Mr. Dai Di. Accordingly, Mr. Dai Di is deemed to be interested in the 1,464,571,429 Shares.

2. The 161,142,857 Shares held by Time Prestige Holdings Limited ("Time Prestige") represent (i) 26,800,000 Shares and (ii) 134,342,857 Shares to be issued upon full conversion of the convertible bonds. Time Prestige is wholly and beneficially owned by Mr. Dai Hao. Accordingly, Mr. Dai Hao is deemed to be interested in the 161,142,857 Shares. In addition, by virtue of being the spouse of Ms. Jin Yu, Mr. Dai Hao is also deemed to be interested in 402,857,142 Shares held by Bustling Capital Limited ("Bustling Capital").

3. The 402,857,142 Shares held by Bustling Capital represent (i) 67,000,000 Shares and (ii) 335,857,142 Shares to be issued upon full conversion of the convertible bonds. Bustling Capital is wholly and beneficially owned by Ms. Jin Yu. Accordingly, Ms. Jin Yu is deemed to be interested in the 402,857,142 Shares. In addition, by virtue of being the spouse of Mr. Dai Hao, Ms. Jin Yu is also deemed to be interested in the 161,142,857 Shares held by Time Prestige.

4. The 71,428,571 Shares held by Silver Palm Limited ("Silver Palm") represents 71,428,571 Shares to be issued upon full conversion of the convertible bonds. Silver Palm is wholly and beneficially owned by Mr. Wang Jia Sheng ("Mr. Wang"). Accordingly, Mr. Wang is deemed to be interested in the 71,428,571 Shares.

5. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 March 2015 (i.e. 1,031,049,849 Shares).

Save as disclosed above, the directors of the Company are not aware of any person (other than the directors of the Company whose interests are set out in the section headed "Director's and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above) who, as at 31 March 2015, had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as aforesaid, no contracts of significance, to which the Company or any of its subsidiaries was a party, and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the year ended 31 March 2015.

DIRECTORS' INTEREST IN COMPETING INTERESTS

Up to the date of this annual report, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete either directly or indirectly with the business of the Group, or have any other conflict of interests with the Group.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 30.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 March 2015, the Group employed a total of 180 employees (2014: 13). Staff costs, excluding Directors' remuneration, increased by approximately HK$8.93 million to approximately HK$11.01 million (2014: approximately HK$2.08 million). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed regularly. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees.

The Company adopted the Share Option Scheme where share options to subscribe for shares of the Company may be granted to the eligible participants of the Group. No share options have been granted to the eligible participants under the Share Option Scheme during the year ended 31 March 2015.

RETIREMENT BENEFIT PLANS

Other than operating the statutory mandatory provident fund scheme for Hong Kong employees and participating in social insurance for its employees in the PRC in accordance with the relevant PRC regulations, the Group has not operated any other retirement benefits schemes for the Group's employees.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this report, there is sufficient public float of the Company's issued shares as required under the GEM Listing Rules throughout the year ended 31 March 2015.

AUDITOR

BDO Limited resigned as the auditor of the Company on 22 September 2014 and Mazars CPA Limited was appointed as the auditor of the Company on 22 September 2014. Save as aforesaid, there has been no change in auditors of the Company in any of the preceding three years.

The consolidated financial statements of the Group for the year ended 31 March 2015 have been audited by Mazars CPA Limited who shall retire and, being eligible, offer themselves for re-appointment in the AGM.

A resolution for their re-appointment as auditor of the Company will be proposed at the AGM.

On behalf of the Board
Han Jianli
Chairman
Hong Kong, 5 June 2015

Independent Auditor's Report

MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
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To the shareholders of
Capital Finance Holdings Limited
(formerly known as Ming Kei Holdings Limited)
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Capital Finance Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 126, which comprise the consolidated and the Company's statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of 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 the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Independent Auditor's Report

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the Group's loss 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.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 5 June 2015

She Shing Pang
Practising Certificate number: P05510

Consolidated Income Statement

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	6	**200,747**	90,159
Cost of sales		**(71,604)**	(82,305)
Gross profit		**129,143**	7,854
Other income, and other gains and losses, net	6	**3,248**	1,707
Selling and distribution costs		**(684)**	(684)
Administrative and other expenses		**(58,485)**	(60,289)
Gain on disposal of subsidiaries	31	**11,515**	–
Fair value gain on contingent consideration – consideration shares	30(b)	**11,250**	–
Fair value loss on contingent consideration	30(a)	**(398,496)**	–
Loss on early redemption of promissory notes	24	**(1,619)**	–
Fair value loss on an investment property	14	**(51,000)**	–
Impairment loss on goodwill	16	**(546,085)**	–
Impairment loss on intangible assets	15	**(479)**	(11,138)
Impairment loss on trade receivables	20	**(12,116)**	–
Reversal of impairment loss on loans to customers	19	**1,702**	–
Finance costs	7	**(26,220)**	–
Loss before income tax	7	**(938,326)**	(62,550)
Income tax expense/credit	9	**(20,675)**	904
Loss for the year		**(959,001)**	(61,646)
Attributable to:			
Owners of the Company	10	**(959,988)**	(61,057)
Non-controlling interests		**987**	(589)
		(959,001)	(61,646)
Loss per share attributable to owners of the Company	12		
Basic (Hong Kong cents)		**(106.49)**	(9.59)
Diluted (Hong Kong cents)		**(106.49)**	(9.59)

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

	2015 **HK$'000**	2014 HK$'000
Loss for the year	**(959,001)**	(61,646)
Other comprehensive income for the year:		
Item that has been reclassified to profit or loss:		
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	**(1,356)**	–
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**4,906**	157
Total other comprehensive income for the year, net of tax	**3,550**	157
Total comprehensive income for the year	**(955,451)**	(61,489)
Attributable to:		
Owners of the Company	**(956,533)**	(60,898)
Non-controlling interests	**1,082**	(591)
	(955,451)	(61,489)

Consolidated Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	13	**3,319**	10,157
Investment property	14	**50,000**	101,000
Intangible assets	15	**223,435**	36,287
Goodwill	16	**228,648**	–
Available-for-sale financial assets	18	**4,426**	–
Deferred tax assets	27	**3,536**	–
Total non-current assets		**513,364**	147,444
Current assets			
Loans to customers	19	**428,304**	–
Trade receivables	20	**37,696**	43,779
Refundable deposits	21	**19,386**	27,192
Prepayments, deposits and other receivables		**10,507**	10,255
Tax recoverable		**–**	84
Cash and cash equivalents	22	**48,721**	1,381
Total current assets		**544,614**	82,691
Current liabilities			
Trade payables	23	**34,806**	33,779
Accrued expenses, other payables and deposits received		**14,668**	17,297
Amount due to a shareholder	35(d)	**50,000**	–
Amount due to a non-controlling owner of a subsidiary	35(d)	**1,950**	1,950
Amount due to a related company	35(d)	**–**	60
Tax payable		**7,563**	251
Interest-bearing borrowings	26	**43,113**	–
Current portion of contingent consideration – consideration shares	30(b)	**14,285**	–
Total current liabilities		**166,385**	53,337
Net current assets		**378,229**	29,354
Total assets less current liabilities		**891,593**	176,798

Consolidated Statement of Financial Position

At 31 March 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Non-current liabilities			
Promissory notes	24	**49,808**	–
Convertible bonds – liability component	25	**471,509**	–
Contingent consideration – consideration shares	30(b)	**48,215**	–
Deferred tax liabilities	27	**52,815**	5,987
Total non-current liabilities		**622,347**	5,987
Net assets		**269,246**	170,811
Capital and reserves			
Issued capital	28	**10,311**	6,559
Reserves		**238,837**	160,195
Equity attributable to owners of the Company		**249,148**	166,754
Non-controlling interests		**20,098**	4,057
Total equity		**269,246**	170,811

These financial statements were approved and authorised for issue by the Board of Directors on 5 June 2015 and were signed on its behalf

Han Jianli
Director

Wong Wai Sing
Director

Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	13	**1,189**	457
Interests in subsidiaries	17	**55,003**	55,003
Total non-current assets		**56,192**	55,460
Current assets			
Prepayments, deposits and other receivables		**1,717**	1,941
Amounts due from subsidiaries	17	**780,781**	123,737
Cash and cash equivalents	22	**413**	808
Total current assets		**782,911**	126,486
Current liabilities			
Accrued expenses and other payables		**1,447**	15,192
Amount due to a shareholder	35(d)	**50,000**	–
Total current liabilities		**51,447**	15,192
Net current assets		**731,464**	111,294
Total assets less current liabilities		**787,656**	166,754

Statement of Financial Position

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Promissory notes	24	**49,808**	–
Convertible bonds – liability component	25	**471,509**	–
Total non-current liabilities		**521,317**	–
Net assets		**266,339**	166,754
Capital and reserves			
Issued capital	28	**10,311**	6,559
Reserves	29(b)	**256,028**	160,195
Total equity		**266,339**	166,754

These financial statements were approved and authorised for issue by the Board of Directors on 5 June 2015 and were signed on its behalf

Han Jianli
Director

Wong Wai Sing
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

		Reserves									
	Issued capital HK$'000 (Note 28)	Share premium HK$'000 (Note 29(a)(i))	Contributed surplus HK$'000 (Note 29(a)(ii))	Capital reserve HK$'000 (Note 29(a)(ii))	Exchange reserve HK$'000 (Note 29(a)(iii))	Convertible bonds reserve HK$'000 (Note 29(a)(iv))	Statutory reserve HK$'000 (Note 29(a)(v))	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	5,045	192,038	131,109	120,794	1,910	–	–	(251,054)	199,842	4,648	204,490
Loss for the year	–	–	–	–	–	–	–	(61,057)	(61,057)	(589)	(61,646)
Other comprehensive income											
Items that may be reclassified subsequently to profit or loss											
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	159	–	–	–	159	(2)	157
Total other comprehensive income for the year	–	–	–	–	159	–	–	–	159	(2)	157
Total comprehensive income for the year	–	–	–	–	159	–	–	(61,057)	(60,898)	(591)	(61,489)
Transactions with owners											
Contribution and distribution											
Rights issue (Note 28(i))	1,514	26,296	–	–	–	–	–	–	27,810	–	27,810
Total transactions with owners	1,514	26,296	–	–	–	–	–	–	27,810	–	27,810
At 31 March 2014	6,559	218,334	131,109	120,794	2,069	–	–	(312,111)	166,754	4,057	170,811

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

		Reserves									
	Issued capital HK$'000 (Note 28)	Share premium HK$'000 (Note 29(a)(i))	Contributed surplus HK$'000 (Note 29(a)(ii))	Capital reserve HK$'000 (Note 29(a)(ii))	Exchange reserve HK$'000 (Note 29(a)(iii))	Convertible bonds reserve HK$'000 (Note 29(a)(iv))	Statutory reserve HK$'000 (Note 29(a)(v))	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	6,559	218,334	131,109	120,794	2,069	–	–	(312,111)	166,754	4,057	170,811
Loss for the year	–	–	–	–	–	–	–	(959,988)	(959,988)	987	(959,001)
Other comprehensive income											
Item that has been reclassified to profit or loss											
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	–	–	–	–	(1,356)	–	–	–	(1,356)	–	(1,356)
Item that maybe reclassified subsequently to profit or loss											
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	4,811	–	–	–	4,811	95	4,906
Total other comprehensive income for the year	–	–	–	–	3,455	–	–	–	3,455	95	3,550
Total comprehensive income for the year	–	–	–	–	3,455	–	–	(959,988)	(956,533)	1,082	(955,451)
Transfer to statutory reserve	–	–	–	–	–	–	8,994	(8,994)	–	–	–
Transactions with owners											
Contributions and distributions											
Issue of new shares on the May 2014 Placement (Note 28(ii))	445	19,233	–	–	–	–	–	–	19,678	–	19,678
Issue of new shares on acquisition of subsidiaries – Prima Finance Group (Note 28(iii))	2,680	182,240	–	–	–	–	–	–	184,920	–	184,920
Issue of new shares on acquisition of subsidiaries – Auto-serve Group (Note 28(iv))	109	6,304	–	–	–	–	–	–	6,413	–	6,413
Issue of new shares on the March 2015 Placement (Note 28 (v))	518	28,570	–	–	–	–	–	–	29,088	–	29,088
Issue of convertible bonds on acquisition of subsidiaries – equity component (Note 25)	–	–	–	–	–	798,828	–	–	798,828	–	798,828
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(4,417)	(4,417)
	3,752	236,347	–	–	–	798,828	–	–	1,038,927	(4,417)	1,034,510
Changes in ownership interests											
Non-controlling interests arising from acquisition of subsidiaries (Note 30(a))	–	–	–	–	–	–	–	–	–	19,376	19,376
Total transactions with owners	3,752	236,347	–	–	–	798,828	–	–	1,038,927	14,959	1,053,886
At 31 March 2015	10,311	454,681	131,109	120,794	5,524	798,828	8,994	(1,281,093)	249,148	20,098	269,246

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Loss before income tax		**(938,326)**	(62,550)
Interest income		**(1)**	(2)
Interest expense		**27,616**	–
Write-off of property, plant and equipment		**–**	283
Loss on disposal of property, plant and equipment		**17**	179
Gain on disposal of subsidiaries	31	**(11,515)**	–
Gain on dissolution of subsidiaries		**(654)**	–
Fair value gain on contingent consideration			
– consideration shares	30(b)	**(11,250)**	–
Fair value loss on contingent consideration	30(a)	**398,496**	–
Loss on early redemption of promissory notes	24	**1,619**	–
Fair value loss on an investment property	14	**51,000**	–
Impairment loss on goodwill	16	**546,085**	–
Impairment loss on intangible assets	15	**479**	11,138
Impairment loss on trade receivables	20	**12,116**	–
Reversal of impairment loss on loans to customers	19	**(1,702)**	–
Amortisation		**61**	–
Depreciation		**1,132**	1,693
Exchange differences		**3,156**	–
Operating cash flows before changes in working capital		**78,329**	(49,259)
Changes in working capital:			
Loans to customers		**(133,157)**	–
Trade receivables		**(4,603)**	20,992
Refundable deposits		**7,800**	(7,800)
Prepayments, deposits and other receivables		**8,594**	(6,090)
Trade payables		**1,027**	(23,620)
Accrued expenses, other payables and deposits received		**(11,629)**	12,012
Amount due to a related company		**(60)**	30
Cash used in operations		**(53,699)**	(53,735)
Interest received		**1**	2
Income taxes paid		**(22,351)**	(682)
Interest paid		**(1,396)**	–
Net cash used in operating activities		**(77,445)**	(54,415)

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Cash acquired upon acquisition of subsidiaries			
– Prima Finance Group	30(a)	**95,694**	–
Cash acquired upon acquisition of subsidiaries			
– Auto-serve Group	30(b)	**801**	–
Repayment from related parties arising from acquisition of			
subsidiaries – Prima Finance Group	30(a)	**4,349**	–
Proceeds from disposal of subsidiaries, net of cash disposed of	31	**19,435**	–
Purchases of property, plant and equipment	13	**(1,989)**	(10)
Proceeds from disposal of property, plant and equipment		**–**	219
Investment in available-for-sale financial assets	18	**(4,426)**	–
Net cash from investing activities		**113,864**	209
FINANCING ACTIVITIES			
Proceeds from issuance of new shares on rights issue		**–**	27,810
Proceeds from issuance of new shares placements,			
net of issue costs		**48,766**	–
Proceeds from interest-bearing borrowings		**43,874**	–
Repayments of interest-bearing borrowings		**(30,859)**	–
Repayment of principal of promissory notes	24	**(46,000)**	–
Interest on interest-bearing borrowings		**(442)**	–
Dividends paid to non-controlling interests		**(4,417)**	–
Net cash from financing activities		**10,922**	27,810
Net increase (decrease) in cash and cash equivalents		**47,341**	(26,396)
Cash and cash equivalents at beginning of year		**1,381**	27,791
Effect of foreign exchange rate changes, net		**(1)**	(14)
Cash and cash equivalents at end of year		**48,721**	1,381
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	22	**48,721**	1,381

1. CORPORATE INFORMATION

Capital Finance Holdings Limited (the "Company") (formerly known as "Ming Kei Holdings Limited") was incorporated in the Cayman Islands 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 and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on The Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business has been changed from Unit 01, 3/F., Wheelock House, 20 Pedder Street, Central, Hong Kong to Suites 3509-10, 35/F., Tower 6, the Gateway, Harbour City, Kowloon, Hong Kong during the year.

The Company is principally engaged in investment holding and its subsidiaries (collectively referred to as the "Group") are principally engaged in (i) short-term financing services in the People's Republic of China (the "PRC"); (ii) property investments in Hong Kong; (iii) business of coal trading between the PRC and Indonesia; and (iv) business of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC, further details of which are set out in Note 5 and Note 17.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is same as the functional currency of the Company.

2. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements under the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013/2014 consolidated financial statements except for the adoption of certain new/revised HKFRSs that are relevant to the Group and effective from the current year as set out in Note 3.

A summary of the principal accounting policies adopted by the Group is set out in Note 3.

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of new/revised HKFRSs

Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. These amendments do not have an impact on these consolidated financial statements as they are consistent with the policies already adopted by the Group.

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

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. The required additional disclosures have been adopted in these consolidated financial statements, as appropriate.

Future changes in HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 19 (2011)	Defined Benefit Plans – Employee Contributions [1]
Various HKFRSs	Annual Improvements Project – 2010-2012 Cycle [2]
Various HKFRSs	Annual Improvements Project – 2011-2013 Cycle [2]
Amendments to HKAS 1	Disclosure Initiative [3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation [3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants [3]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements [3]
Amendments to HKAS 28 (2011) and HKFRS 10	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture [3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception [3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations [3]
HKFRS 14	Regulatory Deferral Accounts [3]
Various HKFRSs	Annual Improvements Project – 2012-2014 Cycle [3]
HKFRS 15	Revenue from Contracts with Customers [4]
HKFRS 9 (2014)	Financial Instruments [5]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2017
[5] Effective for annual periods beginning on or after 1 January 2018

The directors of the Company are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group's consolidated financial statements.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment property and certain financial instruments which were stated at fair value as explained in the accounting policies set out below.

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Group. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing these consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and the consolidated statement of comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represents present ownership interest in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value 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 with the corresponding gain or loss being recognised in profit or loss.

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interest that represents present ownership interest in the subsidiary is the amount of the interest at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The carrying amount of the interests is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of consideration transferred and the amount recognised for non-controlling interests over the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill on acquisition of subsidiary is recognised as a separate asset and it is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any directly attributable to the costs of bringing the asset to its working condition and location for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Land and buildings	30 years or the terms of land use rights, if shorter
Leasehold improvements	5 years or over the lease terms, whichever is shorter
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	4 to 10 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Investment property

Investment property is land and/or building that is held by owner or lessee under finance lease to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Where appropriate, the fair value of investment property is based on a valuation by an independent valuer who holds a recognised professional qualification and has recent experience in the location and category of property being valued.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Master framework purchase agreements (the "LOIs")

The LOIs are accounted for as intangible assets with indefinite useful lives and are not amortised. They are stated at cost less any accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill 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 indefinite useful lives are not amortised and stated at cost less any accumulated impairment losses while intangible assets acquired in a business combination with definite useful lives are amortised over the estimated useful lives and stated at cost less accumulated amortisation and any accumulated impairment losse, on the same basis as intangible assets that are acquired separately.

Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and held for trading. They arise principally through the provision of goods and services to customers (trade debtors), loans to customers and also incorporate other types of contractual monetary assets (such as bank balances, deposits and other receivables). They are measured at amortised cost using the effective interest method, except where receivables are interest-free loans and without any fixed repayment term or the effect of discounting would be insignificant. In such case, the receivables are stated at cost less any impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. Gains and losses arising from derecognition, impairment or through the amortisation process are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated at this category or not classified in any of the other categories of financial assets. They are measured at fair value with changes in value recognised as a separate component of equity until the assets are sold, collected or otherwise disposed of, or until the assets are determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment.

Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are stated at cost less any accumulated impairment loss.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– granting concession to a debtor because of debtor's financial difficulty;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables, an impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

When an available-for-sale financial asset is impaired, a cumulative loss comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and current fair value, less any previously recognised impairment loss in profit or loss, is reclassified from equity to profit or loss as a reclassification adjustment. Impairment losses recognised in profit or loss in respect of available-for-sale equity instrument are not reversed through profit or loss. Any subsequent increase in fair value of available-for-sale equity instrument after recognition of impairment loss is recognised in equity. Reversal of impairment loss of available-for-sale debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

For an available-for-sale financial asset that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss shall not be reversed.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accrued expenses, other payables and deposits received, amounts due to a shareholder, a non-controlling owner of a subsidiary and a related company, interest-bearing borrowings and promissory notes are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period respectively. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability respectively, or where appropriate, a shorter period.

(v) Convertible bonds

The component parts of the convertible bonds issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished on conversion or redemption.

The conversion option classified as equity is determined by deducting the amount of liability component from the fair value of the compound instrument as a whole. That is recognised and included in the equity, net of income tax effects (if any), and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to issued capital, share premium account or other appropriate reserve. When the conversion option remains unexercised at the expiry date, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that related to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

(vi) Equity instruments

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

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when, and only when, the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the period.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits at banks, and, for the purpose of consolidated statement of cash flows, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities and rental income. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

(i) Sale of goods

Revenue associated with the sale of goods are recognised when the goods have been delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

(ii) Interest income

Interest income (as the case may be, including the administration fees that are an integral part of the effective interest) from entrusted loans, pawn loans, micro credit loans and other financial assets which yield interest 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.

(iii) Financial consultancy income

Financial consultancy income is recognised when the services are rendered.

(iv) Rental income

Rental income is recognised in accordance with the Group's accounting policy for leases set out below.

(v) Service income

Service income is recognised when the services are rendered.

Foreign currencies

Transactions entered into by each of the group entities in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation 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 except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

Impairment of non-current assets excluding goodwill

At the end of reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset 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 cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the relevant lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease in property, plant and equipment.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Employee benefits

(i) Short term benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of reporting period in which the employees render the related service. Short term employee benefits are recognised in the period when the employees render the related service.

(ii) Pension obligations

Contributions to the Mandatory Provident Fund scheme as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance are charged to profit or loss when incurred. The Group has no further payment obligations once the contribution has been made.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in central pension schemes operated by the relevant local municipal government. These subsidiaries are required to contribute certain percentage of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Income tax

Income taxes for the period comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40. Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's holding company.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a holding company of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Segment reporting

Operating segments, and the amounts of each segment item reported in these consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of these consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty

(a) Impairment of non-current assets, excluding intangible assets with indefinite useful lives and goodwill

Non-current assets excluding intangible assets with indefinite useful lives and goodwill are carried at cost less accumulated depreciation/amortisation, where appropriate, and impairment losses. These carrying amounts are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. An impairment loss is recognised for the amount by which the non-current asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In estimating the recoverable amounts of the non-current assets, various assumptions, including future cash flows to be associated with the non-current assets and discount rates, are made. If future events do not correspond to such assumptions, the recoverable amounts will need to be revised, and this may have an impact on the Group's results of operations or financial position.

(b) Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. The management will increase the depreciation charges where useful lives are less than previously estimated useful lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(c) Impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives of the Group are impaired requires an estimation of recoverable amount of the cash-generating units to which intangible assets with indefinite useful lives have been allocated, which is the higher of the related fair value less costs of disposal and value in use. The calculations require the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the recoverable amounts.

(d) Impairment of goodwill

The management determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amounts of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the management to make an estimate of the expected cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the recoverable amounts.

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

Key sources of estimation uncertainty *(Continued)*

(e) Impairment of trade and other receivables, other than loans to customers

The management determines the allowance for impairment of trade and other receivables. This estimate is based on the credit history of its customers and other debtors, and current market conditions. The management re-assesses the allowance at end of reporting period.

(f) Impairment of loans to customers

The management reviews the Group's portfolio of loans to customers to assess impairment periodically. In determining whether an impairment loss should be recorded in profit or loss, the management makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans to customers unless the decrease can be identified with an individual loan in that portfolio which the impairment loss would be assessed individually. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. decline in collateral value or payment delinquency or default), or local economic conditions that correlate with defaults on assets in the group. The management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

The Group's impairment allowance relies on the collateral valuation and the management's judgment on the marketability of the pawned and collateral properties and micro credit customers' capability of payment at the estimated valuation and the actual valuation may differ from the estimation.

(g) Income tax

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. In addition, the realisation of the future income tax assets is dependent on the Group's ability to generate sufficient taxable income in future years to utilise income tax benefits and income tax loss carry-forwards, as appropriate. Deviations of future profitability from estimates or in the income tax rate would result in adjustments to the value of future income tax assets and liabilities that could have a significant effect on results and financial position of the Group.

(h) Intangible assets and amortisation

The management determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets are not amortised when their useful lives are assessed to be indefinite. The conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. The Group may need to amortise intangible assets in future periods or recognise impairment losses on intangible assets if events and circumstances indicate that the useful life is not indefinite. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

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

Critical judgements made in applying accounting policies

(i) Subsidiaries governed under structured agreements

When preparing these consolidated financial statements, the management applied HKFRS 10 to determine whether the Group has "control" over the entities considered to be subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Key factors used in determining control and whether the entities are subsidiaries include whether the Group has power over the entities either through voting rights or structured agreements and whether it has the rights to obtain the majority of benefits or is exposed to the majority of ownership risks.

When the above factors are met, the management determines that the Group has control over the entities and include them as subsidiaries in the Group's consolidated financial statements. For the entities where the Group holds no equity interest but are subject to structured agreements, significant judgments are necessary as to whether these contracts give the Group the ability to exercise control over those entities, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

As disclosed in the Company's circular dated 30 May 2014 (the "Circular – VSA"), under the current practice, foreign investor are not allowed to invest by means of equity investment in any pawn loan companies in the PRC or micro-financing companies in Beijing, as such the Company's indirect wholly owned subsidiary, 北京萬馳科技有限公司 (Beijing Wanchi Technology Company Limited*, "Beijing Wanchi"), has entered into a series of structured agreements (the "Structured Agreements") with 北京市金福典當有限責任公司 (Beijing City Jinfu Pawning Company Limited*, "Beijing Jinfu"), 北京金祿典當有限責任公司 (Beijing Jinlu Pawning Company Limited*, "Beijing Jinlu"), 北京市金壽典當有限責任公司 (Beijing City Jinshou Pawning Company Limited*, "Beijing Jinshou"), 北京市金禧典當有限責任公司 (Beijing City Jinxi Pawning Company Limited*, "Beijing Jinxi"), 北京中金福小額貸款有限責任公司 (Beijing Zhongjinfu Micro-financing Company Limited*, "Beijing Micro-financing") and their respective owners, which enables the Group to:

– exercise effective financial and operational control over Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing;

– exercise the entire owners' voting rights of Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi and 79% owners' voting rights of Beijing Micro-financing during the general meetings of Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing respectively;

* English name for identification purpose only

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

Critical judgements made in applying accounting policies *(Continued)*

(i) Subsidiaries governed under structured agreements *(Continued)*

– receive and be exposed to substantially all of the economic interest returns generated by Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi and 79% of the economic interest returns generated by Beijing Micro-financing through service fees in consideration for the management and consulting services provided by Beijing Wanchi at Beijing Wanchi's discretion;

– have an irrevocable option to purchase the entire equity interest in Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi and 79% equity interest in Beijing Micro-financing when and to the extent permitted under the PRC laws; and

– obtain pledges over the entire equity interest of Beijing Jinfu, Beijing Jinlu, Beijing Jinshou and Beijing Jinxi and 79% equity interest of Beijing Micro-financing from their respective owners.

The Group does not have any equity interest in Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing. However, as a result of the Structured Agreements, the Group has rights to variable returns from its involvement with Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing and has the ability to affect these returns (eg. in form of service fees charged) through its power over Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing and is considered to control Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing. Consequently, the Group regards Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing as indirect subsidiaries under HKFRSs.

Nevertheless, the Structured Agreements may not be as effective as legal ownership in providing the Group with control over the consolidated entities and business, and uncertainties presented by the PRC legal system could impede the Group's beneficiary rights of the results, assets and liabilities of the consolidated entities and business. The directors of the Company believe that the Structured Arrangements are in compliance with the relevant PRC laws and regulations and are legally binding and enforceable.

5. SEGMENTAL INFORMATION

The directors of the Company have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments.

The Group's operating segments are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments. Details of the operating segments are as follows:

(a) The short-term financing services segment comprises pawn loan business, micro-financing business, entrusted loan business and financial consultancy business;

(b) Sales and development of software segment comprises sales and development of enterprise software and provision of software, maintenance and support services for financial sectors in the PRC;

(c) The coal trading segment comprises the business of coal trading; and

(d) The property investments segment comprises investment in various properties for rental income purposes.

In determining the Group's geographical segments, revenue and results are based on the location in which the customers are located; assets and capital expenditure are attributed to the segments based on the locations of the assets.

5. SEGMENTAL INFORMATION *(Continued)*

(i) Business segments

Year ended 31 March 2015

	Short-term financing services HK$'000	Sales and development of software HK$'000	Coal trading HK$'000	Property investments HK$'000	Consolidated HK$'000
Segment revenue					
External sales and services and reportable segment revenue	122,589	1,007	75,381	1,770	200,747
Reportable segment results	(437,353)	(6,546)	(9,377)	(50,989)	(504,265)
Impairment loss on goodwill	(538,480)	(7,605)	–	–	(546,085)
Impairment loss on intangible assets	–	–	(479)	–	(479)
Impairment loss on trade receivables	–	–	(12,116)	–	(12,116)
Reversal of impairment loss on loans to customers	1,702	–	–	–	1,702
Fair value loss on an investment property	–	–	–	(51,000)	(51,000)
Reportable segment assets	817,893	88,882	95,452	51,175	1,053,402
Reportable segment liabilities	(89,470)	(8,735)	(55,208)	(28)	(153,441)

Year ended 31 March 2014

	Coal trading HK$'000	Property investments HK$'000	Consolidated HK$'000
Segment revenue			
External sales and services and reportable segment revenue	86,619	3,540	90,159
Reportable segment results	(6,955)	1,523	(5,432)
Impairment loss on intangible assets	11,138	–	11,138
Reportable segment assets	100,235	102,581	202,816
Reportable segment liabilities	(41,922)	(1,005)	(42,927)

5. SEGMENTAL INFORMATION *(Continued)*

(i) Business segments *(Continued)*

Reconciliation of reportable segment results, assets and liabilities:

	2015 HK$'000	2014 HK$'000
Loss before income tax		
Reportable segment loss	**(504,265)**	(5,432)
Interest income on bank deposits	**1**	2
Gain on disposal of subsidiaries	**11,515**	–
Fair value gain on contingent consideration		
– consideration shares	**11,250**	–
Fair value loss on contingent consideration	**(398,496)**	–
Loss on early redemption of promissory notes	**(1,619)**	–
Unallocated corporate expenses	**(56,712)**	(57,120)
Consolidated loss before income tax	**(938,326)**	(62,550)
Total assets		
Reportable segment assets	**1,053,402**	202,816
Unallocated corporate assets	**4,576**	27,319
Consolidated total assets	**1,057,978**	230,135
Total liabilities		
Reportable segment liabilities	**(153,441)**	(42,927)
Unallocated corporate liabilities	**(635,291)**	(16,397)
Consolidated total liabilities	**(788,732)**	(59,324)

5. SEGMENTAL INFORMATION *(Continued)*

(ii) Geographical segments

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("Specified non-current assets"):

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**1,770**	3,540	**86,997**	137,757
PRC	**198,977**	86,619	**418,405**	9,687
	200,747	90,159	**505,402**	147,444

(iii) Information about major customers

Revenue from external customers contributed to 10% or more of the Group's revenue is as follows:

Revenue from one (2014: one) customer contributed to 10% or more of the Group's revenue in the amount of approximately HK$75,381,000 (2014: approximately HK$86,619,000) for the year ended 31 March 2015 as included in the above disclosures for coal trading segment revenue.

The customer base in financial services segment is diversified and no customer with whom transactions are 10% or more of the Group's revenue for the year ended 31 March 2015.

Other than as disclosed above, no other revenue from a single customer of the Group accounted for 10% or more of total revenue of the Group for the years presented.

6. TURNOVER, OTHER INCOME, AND OTHER GAINS AND LOSSES, NET

Turnover is the Group's revenue, which represents the short-term financing services income, net of direct financing costs; sales and development of software and software maintenance service income; invoiced value of goods sold and services rendered, net of rebates and discounts; and rental income. An analysis of the Group's turnover, other income, and other gains and losses, net is as follows:

	Note	**2015** **HK$'000**	2014 HK$'000
Turnover			
Interest income from loans to customers		**61,997**	–
Financial consultancy income		**61,988**	–
Short-term financing services related expenses	7	**(1,396)**	–
Short-term financing services income, net		**122,589**	–
Sales and development of software		**1,007**	–
Sale of goods		**75,381**	86,619
Rental income		**1,770**	3,540
		200,747	90,159
Other income, and other gains and losses, net			
Bank interest income		**1**	2
Gain on dissolution of subsidiaries		**654**	–
Loss on disposal of property, plant and equipment		**(17)**	(179)
Sundry income		**1,491**	480
Other consultancy service income		**1,119**	1,404
		3,248	1,707

7. LOSS BEFORE INCOME TAX

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

	Notes	**2015 HK$'000**	2014 HK$'000
Finance costs			
Effective interest expenses on			
– convertible bonds	25	**22,521**	–
– promissory notes	24	**3,257**	–
Interest on bank borrowings wholly repayable within five years		**442**	–
Interest expense on funds for loans to customers		**1,396**	–
		27,616	–
Less: interest expense included in turnover	6	**(1,396)**	–
		26,220	–
Other items			
Staff costs (excluding directors' remuneration)	8(a)		
Salaries and wages		**9,636**	1,999
Pension scheme contributions		**1,378**	83
		11,014	2,082
Cost of inventories sold		**71,604**	82,305
Auditor's remuneration		**1,420**	448
Direct operating expenses arising on rental-earning investment property		**274**	–
Depreciation of property, plant and equipment		**1,132**	1,693
Amortisation of intangible assets		**61**	–
Write-off of property, plant and equipment		**–**	283
Legal and professional fees related to the acquisition of subsidiaries		**4,293**	19,700
Minimum lease payments under operating leases for land and buildings		**6,895**	6,253

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

The aggregate amounts of remuneration received and receivable by the directors of the Company are as follows:

Year ended 31 March 2015

Name of Directors	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Pension scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors					
Mr. Han Jianli	300	–	–	–	300
Mr. Wong Wai Sing ("Mr. Wong")	205	–	10	–	215
Mr. Ho Pui Tin, Terence *(retired on 31 July 2014)*	–	1,315	13	–	1,328
Non-executive director					
Mr. Tsang Ho Ka, Eugene ("Mr. Tsang") *(resigned on 27 February 2015)*	300	47	14	–	361
Independent non-executive directors					
Mr. Kwok Kam Tim	200	–	–	–	200
Mr. Chen Yihua	200	–	–	–	200
Mr. Du Hui	180	–	–	–	180
	1,385	1,362	37	–	2,784

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(a) Directors' remuneration *(Continued)*

Year ended 31 March 2014

Name of Directors	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Pension scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors					
Mr. Wong *(re-designated from a non-executive director on 15 July 2013)*	135	–	7	13,019	13,161
Mr. Ho Pui Tin, Terence	1,428	–	15	348	1,791
Mr. Chow Pak Wah, Oliver *(resigned on 9 October 2013)*	302	–	8	–	310
Mr. Han Jianli *(appointed on 9 October 2013)*	115	–	–	–	115
Non-executive directors					
Mr. Wong	54	–	3	–	57
Mr. Tsang	300	203	15	31	549
Independent non-executive directors					
Mr. Kwok Kam Tim	200	–	–	–	200
Mr. Ho Chi Wai *(resigned on 9 October 2013)*	100	–	–	–	100
Ms. Cui Ying *(resigned on 3 September 2013)*	83	–	–	–	83
Mr. Chen Yihua *(appointed on 2 July 2013)*	142	–	–	–	142
Mr. Du Hui *(appointed on 9 October 2013)*	86	–	–	–	86
	2,945	203	48	13,398	16,594

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: HK$Nil). In addition, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2014: HK$Nil).

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, one (2014: four) individual(s) is(are) the directors of the Company whose emoluments are set out in Note 8(a) above. The remuneration of the remaining four (2014: one) non-director individual(s) is(are) as follows:

	2015 **HK$'000**	2014 HK$'000
Basic salaries and other allowances	**1,815**	844
Pension scheme contributions	**48**	16
	1,863	860

The remuneration of the non-director, highest paid employees fell within the following band:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**4**	1

There was no arrangement under which a non-director, highest paid individual waived or agreed to waive any remuneration during the year (2014: HK$Nil). In addition, no emolument was paid by the Group to the non-director, highest paid individual(s) as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2014: HK$Nil).

9. INCOME TAX CREDIT/EXPENSE

(a) The amount of income tax expense (credit) in the consolidated income statement represents:

	2015 HK$'000	2014 HK$'000
Current tax		
Hong Kong		
Current tax charge for the year	**527**	924
(Over) Under-provision in respect of prior years	**(251)**	10
Deferred tax credit (Note 27)	**(2,078)**	(1,838)
PRC		
Current tax charge for the year	**22,172**	–
Deferred tax expense (Note 27)	**305**	–
	20,675	(904)

Provision for Hong Kong Profits Tax and PRC Enterprise Income Tax are calculated at 16.5% (2014: 16.5%) and 25% (2014: 25%), respectively, on the estimated assessable profits for the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries or places in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

(b) The income tax expense (credit) for the year can be reconciled to the accounting loss before income tax as follows:

	2015 HK$'000	2014 HK$'000
Loss before income tax	**(938,326)**	(62,550)
Tax calculated at the rate of 16.5% (2014: 16.5%)	**(154,823)**	(10,321)
Tax effect of tax rates difference of other jurisdictions	**5,193**	(36)
Utlilisation of previously unrecognised tax losses	**–**	(234)
Tax effect on income not taxable for tax purpose	**(2,170)**	(202)
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**172,726**	9,879
(Over) Under-provision in respect of prior years	**(251)**	10
Income tax expense (credit) for the year	**20,675**	(904)

10. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the year ended 31 March 2015 dealt with in the financial statements of the Company was HK$939,342,000 (2014: HK$58,012,000).

11. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2014: HK$Nil).

The directors of the Company do not recommend for payment of a final dividend for the year (2014: HK$Nil).

12. LOSS PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Loss		
Loss attributable to the owners of the Company, used in the basic and diluted loss per share calculations	**(959,988)**	(61,057)

	Number of shares **2015** **'000**	 2014 '000
Shares		
Weighted average number of ordinary shares for basic and diluted loss per share	**901,453**	636,431

As the Company's outstanding convertible bonds had an anti-dilutive effect to the basic loss per share calculation for the year, the conversion of the potential dilutive shares is not assumed in the computation of diluted loss per share for the year. In last year, there is no instrument with potential dilutive shares issued by the Group. Therefore the basic and diluted losses per share for the respective years are equal.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings located in the PRC HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2013	12,711	2,230	8,692	598	24,231
Additions	–	–	10	–	10
Disposal/Written off	–	–	(366)	(598)	(964)
Exchange realignments	231	11	127	–	369
At 31 March 2014	12,942	2,241	8,463	–	23,646
Additions	–	1,057	932	–	1,989
Additions through acquisition of subsidiaries (Note 30)	–	–	785	906	1,691
Disposal/Written off	–	(1,640)	(249)	–	(1,889)
Disposal through disposal of subsidiaries (Note 31)	(12,941)	(600)	(7,477)	–	(21,018)
Exchange realignments	(1)	–	12	10	21
At 31 March 2015	–	1,058	2,466	916	4,440
Accumulated depreciation					
At 1 April 2013	2,507	1,525	7,785	80	11,897
Disposal/Written off	–	–	(83)	(200)	(283)
Charge for the year	713	635	225	120	1,693
Exchange realignments	45	10	127	–	182
At 31 March 2014	3,265	2,170	8,054	–	13,489
Disposal/Written off	–	(1,640)	(232)	–	(1,872)
Disposal through disposal of subsidiaries (Note 31)	(3,563)	(600)	(7,477)	–	(11,640)
Charge for the year	298	335	308	191	1,132
Exchange realignments	–	–	6	6	12
At 31 March 2015	–	265	659	197	1,121
Net carrying amount					
At 31 March 2015	–	793	1,807	719	3,319
At 31 March 2014	9,677	71	409	–	10,157

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The Company

	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Total HK$'000
Cost			
At 1 April 2013	1,640	1,322	2,962
Additions	–	10	10
Disposal/Written off	–	(366)	(366)
At 31 March 2014	1,640	966	2,606
Additions	1,057	204	1,261
Transfer from a subsidiary	–	17	17
Disposal/Written off	(1,640)	(191)	(1,831)
At 31 March 2015	1,057	996	2,053
Accumulated depreciation			
At 1 April 2013	986	454	1,440
Disposal/Written off	–	(83)	(83)
Charge for the year	584	208	792
At 31 March 2014	1,570	579	2,149
Transfer from a subsidiary	–	4	4
Disposal/Written off	(1,640)	(177)	(1,817)
Charge for the year	335	193	528
At 31 March 2015	265	599	864
Net carrying amount			
At 31 March 2015	792	397	1,189
At 31 March 2014	70	387	457

14. INVESTMENT PROPERTY

	The Group	
	2015	2014
	HK$'000	HK$'000
Fair value		
At beginning of year	**101,000**	101,000
Change in fair value	**(51,000)**	–
At end of year	**50,000**	101,000

The Group's entire property interest is held under operating leases to earn rentals or capital appreciation purposes which is measured using fair value model and is classified and accounted for as an investment property. The Group's investment property is located in Hong Kong and held under a medium lease term.

The investment property of the Group was revalued on 31 March 2015 by B.I. Appraisals Limited, an independent firm of professional qualified valuers, on an open market basis by comparison approach assuming sale with the benefit of vacant possession or by making reference to comparable sale evidence as available in the relevant market. Recent sale price of comparable properties in close proximity adjusted for differences in key valuation attributes, such as size and age, were used to value the property. The most significant input into this valuation approach is the price per square feet.

The valuation technique was changed from an income approach to a market comparison approach following the vacant possession upon the expiry of the tenancy agreement in October 2014 of the investment property during the year.

The fair value of the investment property as at 31 March 2015 is a level 2 recurring fair value measurement, which uses significant observable inputs in arriving at fair value. During the year ended 31 March 2015, the transfer from level 3 to level 2 was due to the vacant possession upon the expiry of the tenancy agreement in October 2014 and the observable market data became more relevant for the property, except for that, there were no transfers between level 1 and level 2, or transfers into level 3. The Group's policy is to recognise transfer out of level 3 at the date of the event that caused the transfer.

Fair value as at 31 March 2014 was determined using investment method by taking into account the then passing rent and the reversionary income potential estimated with reference to then existing tenancy agreement of the investment property if applicable.

Property	Location	Level	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Industrial Property	Hong Kong	3	Income approach	Monthly rental of HK$301,851	The higher the rental value, the higher the fair value
				Yield of 3.6% per annum	The higher the yield, the lower the fair value

The fair value measurements is based on the highest and best use of the investment property, which does not differ from their actual use.

15. INTANGIBLE ASSETS

The Group

	The LOIs HK$'000	Pawn Licences HK$'000	Trademarks HK$'000	Product Licences HK$'000	Total HK$'000
Cost					
At 1 April 2013 and 31 March 2014	60,000	–	–	–	60,000
Additions through acquisition of subsidiaries (Note 30)	–	167,845	15,841	2,996	186,682
Exchange realignments	–	921	72	13	1,006
At 31 March 2015	60,000	168,766	15,913	3,009	247,688
Accumulated amortisation and impairment losses					
At 1 April 2013	12,575	–	–	–	12,575
Impairment losses	11,138	–	–	–	11,138
At 31 March 2014	23,713	–	–	–	23,713
Amortisation	–	–	–	61	61
Impairment losses	479	–	–	–	479
At 31 March 2015	24,192	–	–	61	24,253
Net carrying amount					
At 31 March 2015	35,808	168,766	15,913	2,948	223,435
At 31 March 2014	36,287	–	–	–	36,287

The LOIs

The LOIs relate to the Coal Trading CGU (as defined in Note 16) and represented two separate legally binding master framework purchase agreements entered into between the CIFC Group (as defined in Note 16) and a customer and a supplier, which were acquired as part of the Group's acquisition of the CIFC Group in previous years. The useful lives of the LOIs were estimated by the Group to be indefinite as the LOIs are renewed automatically and unconditionally at no additional cost and the directors of the Company consider that there is no foreseeable limit on the period of time over which the LOIs are expected to generate economic benefits to the Group.

15. INTANGIBLE ASSETS *(Continued)*

The LOIs are tested for impairment at least annually and are allocated to the Coal Trading CGU for impairment assessment purpose. The recoverable amounts of the Coal Trading CGU as at 31 March 2014 and 2015 were assessed by the directors of the Company by reference to the professional valuation performed by Greater China Appraisal Limited ("GCA"), an independent firm of professional qualified valuer.

The recoverable amount of the Coal Trading CGU as at 31 March 2015 is determined based on a fair-value-less-costs-of-disposal (2014: value-in-use) calculation using a cash flow projection according to the financial budgets approved by the management for the next 3 (2014: 3) years and extrapolates cash flows beyond such projected period with the key assumptions stated below:

Key assumptions used in the cash flow projection are as follows:

	2015	2014
Growth in revenue year-on-year during the projection period	**No growth**	No growth
Pre-tax discount rate per annum	**N/A**	14.79%
Post-tax discount rate per annum	**12.68%**	N/A
Budgeted gross margins	**5.4%**	4.7%
Perpetual growth rate per annum	**2.5%**	2.8%

The basis used to determine the value assigned to the growth in revenue and the budgeted gross margins is the management's expectation of market development and future performance of the Coal Trading CGU. The discount rate used reflects specific risks relating to the coal trading industry.

Other information of the fair value measurement of the Coal Trading CGU is set out in Note 16.

For the preparation of the interim financial statements for the six months ended 30 September 2014, the management made an assessment of the recoverable amount of the Coal Trading CGU under the similar approach as above with the following key assumption used in the cash flow projection:

Growth in revenue year-on-year during the projection period	**No growth**
Post-tax discount rate per annum	**12.91%**
Budgeted gross margins	**5.0%**
Perpetual growth rate per annum	**2.5%**

The recoverable amount of the Coal Trading CGU determined using the above basis fell below its carrying amount as at 30 September 2014 by HK$400,000 (31 March 2014: HK$9,300,000), resulting in impairment on the intangible assets representing the LOIs by the amount of approximately HK$479,000 (31 March 2014: HK$11,138,000) which has been charged to profit or loss for the year, and the corresponding decrease in related deferred tax liabilities in the amount of approximately HK$79,000 (31 March 2014: HK$1,838,000). The above impairment losses are mainly attributable to the decrease of growth rate in line with the business environment of the industry.

15. INTANGIBLE ASSETS *(Continued)*

Pawn Licences

Pawn Licences represented the operating licences of the Pawn Broker Business (as defined in the Company's circular dated 30 May 2014), which has been newly acquired by the Group during the year, and they are valued based on an Income Approach – Multi-period Excess Earnings Method ("MPEEM"). MPEEM is a derivative of the discounted cash flow method which is commonly adopted for the valuation of intangible assets. Using this technique, key valuation assumptions include discount rate, indefinite useful life of the Pawn Licences, contributory asset charges, etc. The management estimates the future economic benefits attributed to the Pawn Licences. Such future economic benefits are then discounted at a rate which reflects all business risks in relation to the Pawn Licences. Based on the projected revenues, the costs associated with the Pawn Licences are net off. The net income projection is then adjusted by contributory asset charges in order to derive the excess earnings attributable to the Pawn Licences. The contributory asset charges include returns on the assets that are used or used up in generating the profit of the Pawn Licences. Examples of such assets include fixed assets and assembled workforce.

The directors of the Company are of the opinion that the Group would renew the Pawn Licences, at minimal cost, continuously and has the ability to do so. Therefore, the Pawn Licenses are considered by the management as having an indefinite useful life because it is expected to contribute to new cash inflows indefinitely.

Trademarks

Trademarks as acquired as a result of a business combination have a legal life of 10 years but are renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademarks continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends have been performed by management of the Group, which supports that trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate new cash flows for the Group. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life because it is expected to contribute to new cash inflows indefinitely.

Product Licences

The Product Licences represented intangible assets acquired as a result of a business combination and are amortised over 3 years under the straight-line method.

Impairment testing of the Pawn Licences, the Trademarks and Product Licences

The carrying amounts of the Pawn Licences, the Trademarks and the Product Licences have been included in the impairment assessment of goodwill (as detailed in Note 16) for the respective cash-generating units (the "CGUs"):

Short-term Financing CGU: Pawn Licences

Software CGU: Trademarks and Product Licences

16. GOODWILL

The Group

	Coal Trading CGU HK$'000	Short-term Financing CGU HK$'000	Software CGU HK$'000	Total HK$'000
Cost				
At 1 April 2013 and 31 March 2014	24,425	–	–	24,425
Additions through acquisitions of subsidiaries (Note 30)	–	707,813	64,221	772,034
Exchange realignments	–	3,883	291	4,174
At 31 March 2015	24,425	711,696	64,512	800,633
Accumulated impairment losses				
At 1 April 2013 and 31 March 2014	(24,425)	–	–	(24,425)
Impairment losses	–	(538,480)	(7,605)	(546,085)
Exchange realignments	–	(1,441)	(34)	(1,475)
At 31 March 2015	(24,425)	(539,921)	(7,639)	(571,985)
Net carrying amount				
At 31 March 2015	–	171,775	56,873	228,648
At 31 March 2014	–	–	–	–

Goodwill arising in prior years related to the acquisition of equity interest in China Indonesia Friendship Coal Trading Company Limited ("CIFC", together with its 90%-owned subsidiary, China Energy Trading Company Limited ("China Energy"), are collectively referred to as the "CIFC Group") and was allocated to the coal trading cash generating unit (the "Coal Trading CGU").

Goodwill attributable to the Coal Trading CGU was fully impaired in prior years.

Goodwill arising in the current year related to the acquisition of the Prima Finance Group (as defined in Note 30(a)), and the Auto-serve Group (as defined in Note 30(b)) because the consideration paid for these acquisitions effectively included amounts in relation to the benefits originated from fast growing pawn broker business, business potential of the consulting business and the software sales and development business, expected synergies, future market development and the assembled workforce of the acquired businesses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes. Details of these acquisitions are set out in Note 30.

16. GOODWILL *(Continued)*

Goodwill acquired through business combinations in the current year has been allocated to the CGUs as follows for impairment test:

Short-term Financing CGU: Goodwill-Prima Finance Group.

Software CGU: Goodwill-Auto-serve Group.

The directors of the Company have engaged GCA to assist them to assess whether there is any impairment of goodwill in the Short-term Financing CGU and the Software CGU. GCA has assessed the acquired businesses' business value and has taken into consideration the historical performance and the financial performance of the acquired businesses and determined the methodologies and the key valuation parameters and reviewed business assumptions adopted by the management.

Short-term Financing CGU

The Group is of the opinion, based on the business value calculation, the Short-term Financing CGU is partially impaired by approximately HK$538,480,000, represented by an initial impairment loss of approximately HK$262,546,000 and a further impairment loss of approximately HK$275,934,000, which was charged to profit or loss for the year.

The initial impairment loss of approximately HK$262,546,000 is largely due to the increase in the fair value of the Initial Consideration (as defined in the Note 30(a)) and Contingent Consideration (as defined in the Note 30(a)). As disclosed in the Circular – VSA, the fair value of the Initial Consideration and the Contingent Consideration as at the valuation date of 30 May 2014 was approximately HK$744,401,000 and HK$52,545,000 respectively. The market price of shares of the Company has increased since 30 May 2014 and up to 25 June 2014 (the completion date of the acquisition, the "Completion Date"). The fair value of the Initial Consideration and the Contingent Consideration of approximately HK$1,091,079,000 and approximately HK$83,356,000, respectively, at the Completion Date, was estimated by GCA, which has increased as a result of such increase in the share price of the Company, which in turn has resulted in a substantial amount of goodwill recognised in connection with the acquisition of the Prima Finance Group.

As at 31 March 2015, in light of keen competition from the internet financing sector and the recent continuous reduction in the benchmark lending rate and the lowering of reserve requirement ratio as announced by the People's Bank of China, which are expected to have a negative impact on the revenue and growth rate of the Short-term Financing CGU, the recoverable amount of the Short-term Financing CGU fell below its then carrying amount. Accordingly, the goodwill allocated to the Short-term Financing CGU was further impaired by approximately HK$275,934,000.

Software CGU

The management of the Group is of the opinion, based on the business value calculation, the Software CGU is partially impaired by approximately HK$7,605,000 which was charged to profit or loss for the year.

The impairment is mainly due to the increase in fair value of the consideration as a result of increase in the share price of the Company at the date of completion of the acquisition since the negotiation and conclusion of the acquisition consideration, which in turn has resulted in a significant amount of goodwill recognised in connection with the acquisition of the Auto-serve Group.

As at 31 March 2015, in light that the Software CGU is operated satisfactorily with the recoverable amount of the Software CGU exceeded its carrying amount, no further impairment loss was considered necessarily.

16. GOODWILL *(Continued)*

Software CGU *(Continued)*

The recoverable amounts of the Short-term Financing CGU and the Software CGU have been determined from the calculations of fair-value-less-cost-of-disposal based on cash flows projections derived from the financial budgets approved by the management covering a 10-year period and a 5-year period for the Short-term Financing CGU and the Software CGU, respectively, and are extrapolated to cash flows beyond such projected periods with the key assumptions stated below.

A 10-year financial budget is adopted for the Short-term Financing CGU because the management is confident on the predictability of the key inputs to the cash flow projection.

Key assumptions used for business values calculation are as follows:

	Short-term Financing CGU	Software CGU
Effective interest rates	9%-22.9%	N/A
Annual revenue growth rate on various service lines	N/A	10.0%-77.2%
Perpetual growth rate	3.0%	3.0%
Post-tax discount rate	14.5%-15.5%	32.3%

Other information on fair value measurement of the CGUs

The quantitative information of the significant unobservable inputs and the description of valuation techniques used in the fair value measurement for the CGUs containing goodwill or intangible assets with indefinite useful lives, including the sensitivity analysis to changes in unobservable inputs are as follow:

CGUs	Fair value hierarchy	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Coal Trading CGU/Short-term Financing CGU/Software CGU	Level 3	Income approach	Perpetual growth rate	The higher the perpetual growth rate, the higher the fair value
			Discount rate	The higher the discount rate, the lower the fair value

There were no transfers into or out of Level 3 during the year.

17. INTEREST IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	The Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**–**	–
Amounts due from subsidiaries	**1,403,291**	255,801
	1,403,291	255,801
Less: Allowance for amounts due from subsidiaries	**(567,507)**	(77,061)
	835,784	178,740
Less: Non-current portion	**(55,003)**	(55,003)
Current portion	**780,781**	123,737

During the current year, the amounts due from subsidiaries increased by approximately HK$1,147,490,000 is mainly attributable to the settlement of the considerations for the acquisitions, as set out in Note 30, on behalf of the relevant subsidiaries by the issuance of consideration shares, convertible bonds and promissory notes, etc.

Except for an aggregate amount of approximately HK$55,003,000 as at 31 March 2015 (2014: approximately HK$55,003,000) which in substance forms part of the Company's interests in the subsidiaries in the form of quasi-equity loans, amounts due from subsidiaries are unsecured, interest-free and are repayable on demand. An accumulated allowance for amounts due from subsidiaries of approximately HK$567,507,000 (2014: approximately HK$77,061,000) was recognised as at 31 March 2015 since the related recoverable amounts of the amounts due from subsidiaries with reference to the values of the respective subsidiaries were estimated to be less than their carrying amounts. Accordingly, the carrying amounts of the related amounts due are reduced to their recoverable amounts as at 31 March 2015 and 2014.

17. INTEREST IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES (Continued)

Particulars of the Company's principal subsidiaries which are private companies with limited liability as at 31 March 2015 are as follows:

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Particulars of issued and paid up share capital/paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Star Trading International Group Company Limited	British Virgin Islands ("BVI")	Hong Kong	United States Dollars ("US$")1	100%	–	Investment holding
Star Fortune Strategy Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Star International Business Group Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Calneva Capital Limited	Hong Kong	Hong Kong	HK$10,000	–	100%	Property holding
Star Coal International Group Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
China Indonesia Friendship Coal Trading Company Limited	BVI	Hong Kong	US$1	–	100%	Investment holding
China Energy Trading Company Limited	Hong Kong	Hong Kong	HK$1,000,000	–	90%	Trading of coal
UTD Fortune (Hong Kong) Limited	Hong Kong	Hong Kong	HK$1	–	100%	Provision of money lending services in Hong Kong (Inactive during the year)
Capital Finance Innovative Technology Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Star Capital Global Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Prima Finance Holdings Limited	Cayman Islands	Hong Kong	HK$1	–	100%	Investment holding
北京萬馳科技有限公司 Beijing Wanchi Technology Company Limited*	PRC	PRC	Paid-up capital of HK$3,000,000	–	100%	Provision of entrusted loan and financing consultancy service
拉薩嘉德財務顧問有限公司 Lhasa Jiade Financial Consultant Company Limited*	PRC	PRC	Paid-up capital of Renminbi ("RMB") 800,000	–	100%	Provision of financing consultancy service
北京奧拓思維軟件有限公司 Beijing Auto-serve Software Company Limited*	PRC	PRC	Paid-up capital of RMB5,000,000	–	100%	Provision of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in PRC
北京市金福典當有限責任公司 Beijing City Jinfu Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB40,000,000	–	100%	Provision of pawn loan services in Beijing
北京金祿典當有限責任公司 Beijing Jinlu Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB15,000,000	–	100%	Provision of pawn loan services in Beijing
北京市金壽典當有限責任公司 Beijing City Jinshou Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB40,000,000	–	100%	Provision of pawn loan services in Beijing

17. INTEREST IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Particulars of issued and paid up share capital/paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
北京市金禧典當有限責任公司 Beijing City Jinxi Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB15,000,000	–	100%	Provision of pawn loan services in Beijing
北京中金福小額貸款有限責任公司 Beijing Zhongjinfu Micro-financing Company Limited*#	PRC	PRC	Paid-up capital of RMB50,000,000	–	79%	Provision of micro-financing services

* English name for identification purpose only

\# These companies are accounted for as subsidiaries through certain structured agreements. Please refer to Note 4(i) for details.

The companies accounted for as subsidiaries through certain structured agreements including Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing are identified as the Group's short-term financing services segment comprising pawn loan business, micro-financing business, entrusted loan business and financial consultancy business. They, in aggregate, contributed a revenue of approximately HK$122,589,000 to the Group, representing approximately 61% of the Group's total revenue, and the total assets and total liabilities for this segment are approximately HK$817,893,000 and HK$89,470,000 as at 31 March 2015, representing approximately 77% and 11% of the Group's total asset and total liabilities as at 31 March 2015, respectively.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Financial information of subsidiaries with individually material NCI

The following table shows the information relating to a non-wholly owned subsidiary, Beijing Zhongjinfu Micro-financing Company Limited ("Beijing Micro-financing"), that has material non-controlling interests ("NCI"). The summarised financial information represents amounts before inter-company eliminations since acquisition.

	Beijing Micro-financing
At 31 March 2015	
Proportion of NCI's ownership interests	**21%**
	HK$'000
Current assets	**128,937**
Non-current assets	**414**
Current liabilities	**(32,571)**
Non-current liabilities	**(16,672)**
Net assets	**80,108**
Carrying amount of NCI	**16,823**

17. INTEREST IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES *(Continued)*

Financial information of subsidiaries with individually material NCI *(Continued)*

	HK$'000
Year ended 31 March 2015	
(Since the date of acquisition)	
Revenue/Other income	**15,784**
Expenses	**(7,375)**
Profit	**8,409**
Profit attributable to NCI	**1,766**
Dividends paid to NCI	**(4,417)**
Net cash flows used in:	
Operating activities	**(4,687)**
Investing activities	**(23)**
Financing activities	**(3,535)**

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group	
	2015	2014
	HK$'000	HK$'000
Unlisted investment, at cost	**4,426**	–

As at 31 March 2015, the Group holds 7% equity interest of 瀋陽金融商貿開發區互聯小額貸款有限公司 (Shenyang Hulian Micro-financing Company Limited*) ("Shenyang Hulian"), a private entity incorporated in the PRC, which is principally engaged in the provision of micro financing services business. The directors of the Company do not believe that the Group is able to control, joint control nor exercise significant influence over Shenyang Hulian. It is measured at cost less any accumulated impairment losses at the end of reporting period because the range of reasonable fair value measurements is so significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

* English name for identification purpose only

19. LOANS TO CUSTOMERS

	Note	2015 HK$'000	2014 HK$'000
Pawn loans		**270,895**	–
Micro-credit loans		**128,975**	–
Entrusted loans		**34,581**	–
Loans to customers, gross		**434,451**	–
Less: Impairment allowances	19(a)		
– Individually assessed		**(1,917)**	–
– Collectively assessed		**(4,230)**	–
		(6,147)	–
Loans to customers, net		**428,304**	–

The loans to customers are arising from the Group's pawn loans, micro-credit and entrusted loans services. The loan periods granted to customers are mainly ranging from one month to one year.

The loans provided to customers bore fixed monthly interest and administrative fee rates ranging from 1% to 4.6% for the year ended 31 March 2015. Loans to customers are all denominated in RMB.

(a) Movements of impairment allowances are as follows:

	The Group					
	2015			2014		
	Individually assessed HK$'000	Collectively assessed HK$'000	Total HK$'000	Individually assessed HK$'000	Collectively assessed HK$'000	Total HK$'000
At the beginning of the year	–	–	–	–	–	–
Additions of allowances from acquisition of subsidiaries	4,337	3,475	7,812	–	–	–
(Reversal of)/Provision for impairment losses (credited) charged to profit or loss	(2,435)	733	(1,702)	–	–	–
Exchange realignments	15	22	37	–	–	–
At the end of the year	1,917	4,230	6,147	–	–	–

19. LOANS TO CUSTOMERS *(Continued)*

Aging analysis

Aging analysis of loans to customers (after impairment allowances) prepared based on loan commencement or renewal date set out in the relevant contracts is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Less than 1 month	**194,171**	–
1 to 3 month(s)	**49,832**	–
4 to 6 months	**78,942**	–
7 to 12 months	**100,391**	–
Over 12 months	**4,968**	–
	428,304	–

Aging analysis of loans to customers (after impairment allowances) prepared based on contractual due date is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Not yet past due	**294,621**	–
Less than 1 month past due	**20,910**	–
1 to 3 month(s) past due	**24,791**	–
4 to 6 months past due	**12,915**	–
7 to 12 months past due	**71,717**	–
Over 12 months past due	**3,350**	–
	428,304	–

Impairment provisions are recognised for financial reporting purposes only for losses that have incurred at the end of reporting period based on objective evidence of impairment.

Loans to customers (net) that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Loans to customers (net) that were past due but not impaired relate to borrowing clients that have good track record with the Group. Based on past experience, the management is of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality of the customers/the party who provided guarantees and/or fair value of the collaterals obtained and the balances are still considered fully recoverable.

19. LOANS TO CUSTOMERS *(Continued)*

Aging analysis *(Continued)*

A summary of the principal of the collateralised and non-collateralised loans to customers (net) at the end of the reporting period is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Collateralised	**336,715**	–
Non-collateralised		
– With guarantee	**82,298**	–
– Without guarantee	**9,291**	–
	428,304	–

The fair value of collaterals, as assessed by the management, at loans' inception date is not less than the principal amount of the relevant loans.

20. TRADE RECEIVABLES

		The Group	
		2015	2014
	Note	**HK$'000**	HK$'000
Trade receivables from third parties		**49,812**	43,779
Impairment allowances	20(c)	**(12,116)**	–
		37,696	43,779

(a) The aging analysis of the Group's trade receivables (before impairment allowances) at the end of the reporting period, based on invoice date, is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within 90 days	**18,058**	20,106
91 to 180 days	**19,069**	20,023
181 to 365 days	**12,551**	3,650
Over 365 days	**134**	–
	49,812	43,779

(b) The Group normally allows an average credit term of 60 to 90 days (2014: 60 to 90 days) to its customers for coal trading business. For certain well-established customers with good repayment history and creditworthiness, the Group allows an average credit period beyond 90 days.

20. TRADE RECEIVABLES *(Continued)*

(c) Based on the management's assessment of the aging analysis and the subsequent settlement status of the Group's outstanding trade receivables from an independent third party for the coal trading business, the past settlement patterns and the current credit quality of that debtor together with the latest market conditions of the coal trading industry, the Group recognised an impairment allowance of HK$12,116,000 (2014:HK$Nil) for the year ended 31 March 2015 to reflect the risk on the recoverability of the amount due. The aging analysis of trade receivables, net of impairment allowances, is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Not yet past due	**18,058**	20,106
Past due	**19,638**	23,673
	37,696	43,779

Receivables that were neither past due nor impaired related to customers for which there is no recent history of default.

Other than the receivables from the debtor of the coal trading business with impairment loss represented in the above, receivables from other debtors that were past due but not impaired as there has not been a significant change in credit quality and the directors of the Company believe that the balances are still considered fully recoverable. The Group does not hold any collateral over the balances.

21. REFUNDABLE DEPOSITS

The balance comprised the following items:

(i) A refundable security deposit in the amount of US$2,500,000 or equivalent to approximately HK$19,386,000 (2014: US$2,500,000 or equivalent to approximately HK$19,392,000) paid to a supplier of coal, an independent third party, in accordance with a legally binding master framework purchase agreement acquired by the Group through the acquisition of the CIFC Group in prior years. The deposit is unsecured and is refundable to the Group within three working days upon the request of China Energy Trading Company Limited ("China Energy") in writing to the supplier.

A customer who is an independent third party, has also given the guarantee in favour of the Group that (a) in the event that the above supplier deposit was not refunded by the supplier, the customer shall be responsible to pay the Group an amount equivalent to the supplier deposit within three working days upon written request by China Energy; and (b) the net profit (before any impairment provision) of China Energy for each contract year shall not be less than 10% of the amount of the above supplier deposit.

Further details are set out in the Company's circular dated 14 October 2010.

21. REFUNDABLE DEPOSITS *(Continued)*

(ii) Other than Note 21(i) above, as at 31 March 2014, the remaining balance of refundable deposits represents aggregate deposit paid to an independent third party for identifying potential investments for the Group and it is fully refundable when no letter of intent for potential investment and acknowledgement for development of a particular project is signed by the Group upon expiry of the contracts in September 2014. The deposit was fully settled during the year.

22. CASH AND CASH EQUIVALENTS

	2015 **HK$'000**	2014 HK$'000
The Group		
Cash and cash equivalents, represented by bank balances and cash, were denominated in:		
HK$	**6,974**	1,060
RMB	**41,712**	235
US$	**35**	86
Total	**48,721**	1,381

The Company

At the end of the reporting period, the cash and cash equivalents, represented by bank balances and cash, of the Company were denominated in HK$.

23. TRADE PAYABLES

An aging analysis of the trade payables, to an independent third party, of the Group at the end of the reporting period, based on the invoice date, is as follows:

	The Group	
	2015 **HK$'000**	2014 HK$'000
Within 90 days	**34,545**	18,849
91 to 180 days	**261**	14,930
	34,806	33,779

The trade payables were non-interest bearing and were normally settled on an average term of 60 to 90 days (2014: 60 to 90 days).

24. PROMISSORY NOTES

		The Group and The Company	
		2015	2014
	Notes	**HK$'000**	HK$'000
At the beginning of the reporting period		**–**	–
Issued during the year	(i)	**90,932**	–
Early redemption of promissory notes	(ii)	**(44,381)**	–
Accrued effective interest expense		**3,257**	–
Carrying value at the end of the reporting period		**49,808**	–
Face value, at the end of the reporting period		**54,000**	–

(i) During the year ended 31 March 2015, promissory notes in the aggregate principal amount of HK$100,000,000 was issued by the Company to the vendors of the Prima Finance Group as part of the acquisition consideration (a) upon the completion of the Group's acquisition of the Prima Finance Group on 25 June 2014 with a fair value of approximately HK$46,081,000 (face value of HK$50,000,000) and (b) upon the fulfilment of the guaranteed profit of the Prima Finance Group for the year ended 31 December 2014 in February 2015 with a fair value of approximately HK$44,851,000 (face value of HK$50,000,000), based on the professional valuation performed by GCA, as set out in Note 30(a). The promissory notes bear interest of 8% per annum and mature in 5 years from the date of issue. The effective interest rates of the promissory notes were determined to be approximately 8.93% and 9.01% per annum respectively. The promissory notes were classified under non-current liabilities and measured at amortised cost.

(ii) On 5 September 2014 and 25 March 2015, the Company has exercised its right to early redeem promissory notes with aggregate principal amount of HK$46,000,000. The carrying values of the promissory notes redeemed were approximately HK$44,381,000 and a settlement loss of approximately HK$1,619,000 was charged to profit or loss during the year.

25. CONVERTIBLE BONDS

As part of the acquisition consideration upon the completion of the Group's acquisition of the Prima Finance Group, the Company has issued zero-coupon convertible bonds in the principal amount of HK$420,200,000 as part of the Initial Consideration (as defined in Note 30(a)) to the vendors of the Prima Finance Group (including HK$6,699,000 (face value) withheld by the Company as deferred convertible bonds). Based on assessment made by the directors of the Company at the Completion Date (as defined in Note 30(a)), the Company is also expected to issue zero-coupon convertible bonds in the principal amount of HK$40,653,000 as the Contingent Consideration (as defined in Note 30(a)) in 2015 which actual amount is subject to the 2014 Actual Profit (as defined in the Circular – VSA) of the Prima Finance Group. Details of the acquisition are set out in Note 30(a).

On 4 February 2015, apart from the release of the deferred convertible bonds in the face value of HK$6,699,000 to the vendors, the Company issued zero-coupon convertible bonds in the principal amount of HK$236,000,000 to the vendors upon fulfilment of the 2014 Actual Profit.

The convertible bonds are payable in one lump sum on maturity at 105% of the face value of five years from date of issue. The convertible bonds are convertible into ordinary shares of HK$0.01 each of the Company at an initial conversion price of HK$0.35 per conversion share (subject to certain anti-dilutive adjustments as detailed in the Circular – VSA) at any time between the date of issuance and the seventh day prior to the maturity date of the convertible bonds, provided that (i) no holder of the convertible bonds shall exercise the conversion right attached to the convertible bonds held by such holder if immediately after such conversion, resulting in the public float of the Company unable to meet the requirement under the GEM Listing Rules; and (ii) no conversion rights attached to the convertible bonds may be exercised, to the extent that following such exercise, a holder of the convertible bonds and parties acting in concert with it, taken together, will trigger a mandatory offer obligation under the Rule 26 of the Hong Kong Code on Takeovers and Mergers.

The conversion option of the convertible bonds is accounted for as equity instrument and is determined after deducting the fair value of the liability component from the total fair value amount of the convertible bonds at the date of issuance. The residual amount represents the value of the conversion option, which is credited directly to equity as convertible bonds reserve of the Company and the Group.

The liability component of the convertible bonds is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption.

25. CONVERTIBLE BONDS *(Continued)*

The carrying amounts of above-mentioned convertible bonds recognised at the end of the reporting period were calculated as follows:

	The Group and The Company	
	2015	2014
	HK$'000	HK$'000
Equity component		
Fair value of the entire convertible bonds, at the date of issuance	**1,247,816**	–
Fair value of the liability component, at the date of issuance	**(448,988)**	–
Value of the equity component, at the date of issuance	**798,828**	–
Liability component		
At the date of issuance	**448,988**	–
Effective interest expenses	**22,521**	–
At the end of the reporting period	**471,509**	–
Face value, at the end of the reporting period	**656,200**	–

26. INTEREST-BEARING BORROWINGS

		The Group	
		2015	2014
	Notes	**HK$'000**	HK$'000
Long-term bank borrowings, secured	26(a)	**12,133**	–
Short-term bank borrowings, secured	26(b)	**30,980**	–
		43,113	–
Current portion		**32,280**	–
Non-current portion which contains a repayment on demand clause		**10,833**	–
		43,113	–

26. INTEREST-BEARING BORROWINGS *(Continued)*

Analysis of the amounts due based on scheduled payment dates set out in the loan agreements (ignoring the effect of any repayment on demand clause) is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within 1 year	**32,280**	–
More than one year, but not exceeding two years	**1,300**	–
More than two years, but not more than five years	**9,533**	–
	43,113	–

Bank borrowings are denominated in the following currencies:

	HK$'000	HK$'000
HK$	**12,133**	–
RMB	**30,980**	–
	43,113	–

(a) The long-term bank borrowings, bear a floating interest rate, are secured by (i) the Group's investment property with a carrying value of HK$50,000,000; and (ii) corporate guarantee given by the Company. As at 31 March 2015, the effective interest rate on the long-term bank borrowings is 5.25% (2014: Nil) per annum.

(b) The short-term bank borrowings are secured by corporate guarantee of an independent third party at a fee charged. The short-term bank borrowings bear a fixed interest at 6.7% (2014: Nil) per annum and with maturity date in November 2015.

27. DEFERRED TAX

The movements in the Group's net deferred tax liabilities were as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
At the beginning of the reporting period	**5,987**	7,825
Acquisition of subsidiaries – Prima Finance Group (Note 30(a))	**40,112**	–
Acquisition of subsidiaries – Auto-serve Group (Note 30(b))	**4,709**	–
Credited to profit or loss	**(1,773)**	(1,838)
Exchange realignments	**244**	–
At the end of the reporting period	**49,279**	5,987

Recognised deferred tax assets and (liabilities) at the end of the reporting period represent the following:

	Assets		Liabilities	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Intangible assets	**–**	–	**(52,564)**	(5,987)
Impairment losses	**3,529**	–	**–**	–
Exchange realignments	**7**	–	**(251)**	–
Deferred tax assets (liabilities)	**3,536**	–	**(52,815)**	(5,987)
Amount expected to be recovered (settled) more than 12 months	**3,536**	–	**(52,815)**	(5,987)

As at 31 March 2015, the Group and the Company have estimated unused tax losses of HK$2,126,000 (2014: HK$1,997,000) and HK$592,000 (2014: HK$592,000), respectively, available for offsetting against future profits, which are subject to the agreement from the tax authority. No deferred tax asset has been recognised in respect of the above tax losses due to the uncertainty over the availability of future profit streams of the Group and the Company respectively. Such losses may be carried forward indefinitely.

As at 31 March 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, it is probable that the earnings will not be distributed in the foreseeable future. Unremitted earnings amounted to HK$190,125,000 (2014: HK$Nil) as at 31 March 2015.

28. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
At 31 March 2014 and 31 March 2015, ordinary shares of HK$0.01 each		10,000,000	100,000
Issued and fully paid:			
At 1 April 2013, ordinary shares of HK$0.01 each		504,523	5,045
Rights issue	(i)	151,357	1,514
At 31 March 2014, ordinary shares of HK$0.01 each		655,880	6,559
Issue of new shares on the May 2014 Placement	(ii)	44,500	445
Issue of new shares on acquisition of subsidiaries	(iii)		
– Prima Finance Group		268,000	2,680
Issue of new shares on acquisition of subsidiaries	(iv)		
– Auto-serve Group		10,870	109
Issue of new shares on the March 2015 Placement	(v)	51,800	518
At 31 March 2015, ordinary shares of HK$0.01 each		1,031,050	10,311

Notes:

(i) During the year ended 31 March 2014, approximately 151,357,000 new ordinary shares at par value of HK$0.01 each of the Company were issued under a rights issue at a subscription price of HK$0.2 each at an aggregate consideration of approximately HK$27,810,000 (net of issuing expenses of approximately HK$2,461,000), of which approximately HK$1,514,000 was credited to issued capital and the remaining balance of HK$26,296,000 was credited to the share premium account.

(ii) In May 2014, 44,500,000 new ordinary shares of par value HK$0.01 each of the Company were issued under a share placement (the "May 2014 Placement") at a placing price of HK$0.45 each at an aggregate consideration of approximately HK$19,678,000 (net of issuing expenses of HK$347,000), of which approximately HK$445,000 was credited to share capital and the remaining balance of approximately HK$19,233,000 was credited to the share premium account. Details of the May 2014 Placement were set out in the Company's announcements dated 8 May 2014 and 22 May 2014.

(iii) In June 2014, 268,000,000 new ordinary shares of par value HK$0.01 each of the Company was issued as part of the consideration in acquiring the entire equity interest in the Prima Finance Group. Details of the acquisition are set out in Note 30(a). The fair value of the shares issued at the date of completion of acquisition is approximately HK$184,920,000, of which approximately HK$2,680,000 was credited to share capital and the remaining balance of approximately HK$182,240,000 was credited to the share premium account.

(iv) In March 2015, approximately 10,870,000 new ordinary shares of par value of HK$0.01 each of the Company were issued as part of the consideration in acquiring the entire equity interest in the Auto-serve Group. Details of the acquisition are set out in Note 30(b). The fair value of the shares issued at the date of completion of acquisition is approximately HK$6,413,000 of which approximately HK$109,000 was credited to the share capital and the remaining balance of approximately HK$6,304,000 was credited to the share premium account.

(v) In March 2015, 51,800,000 new ordinary shares of par value HK$0.01 each of the Company were issued under placements (the "March 2015 Placement") at a placing price of HK$0.58 each at an aggregate consideration of approximately HK$29,088,000 (net of issuing expenses of approximately HK$956,000), of which approximately HK$518,000 was credited to share capital and the remaining balance of approximately HK$28,570,000 was credited to the share premium account. Details of the March 2015 Placement were set out in the Company's announcements dated 10 March 2015 and 24 March 2015.

All new shares issued rank pari passu with the existing shares in all respects.

29. RESERVES

(a) The Group

(i) Share premium

The balance represents the premium arising from the issue of the Company's shares at a price in excess of their par value per share.

(ii) Contributed surplus and capital reserve

The contributed surplus represents the remaining credit balance pursuant to the Group's capital reorganisation that took place in prior years. The capital reserve of the Group represents the contributions from owners of the Company for modification of terms, partial waiver and early redemption of the promissory notes held thereby that took place in prior years.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy as set out in Note 3.

(iv) Convertible bonds reserve

The convertible bonds reserve represents the equity component (conversion right) of the convertible bonds issued (Note 25).

(v) Statutory reserve

In accordance with the relevant laws and regulations in the PRC and the relevant articles of association of the group entities incorporated in the PRC (the "PRC Subsidiaries"), it is required to appropriate 10% of the annual statutory net profits of the PRC Subsidiaries, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the paid-up capital of the PRC subsidiaries, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into paid-up capital provided that the remaining balance of the statutory surplus reserve fund after such conversion is no less than 25% of the paid-up capital.

29. RESERVES *(Continued)*

(b) The Company

	Notes	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013		192,038	131,109	120,794	–	(252,030)	191,911
Loss for the year and total comprehensive loss for the year		–	–	–	–	(58,012)	(58,012)
Transactions with owners							
Contribution and distribution							
Rights issue	28(i)	26,296	–	–	–	–	26,296
Total transactions with owners		26,296	–	–	–	–	26,296
At 31 March 2014		218,334	131,109	120,794	–	(310,042)	160,195
At 1 April 2014		**218,334**	**131,109**	**120,794**	**–**	**(310,042)**	**160,195**
Loss for the year and total comprehensive loss for the year		**–**	**–**	**–**	**–**	**(939,342)**	**(939,342)**
Transactions with owners							
Contribution and distribution							
Issue of new shares on the May 2014 Placement	28(ii)	**19,233**	**–**	**–**	**–**	**–**	**19,233**
Issue of new shares on acquisition of subsidiaries – Prima Finance Group	28(iii)	**182,240**	**–**	**–**	**–**	**–**	**182,240**
Issue of new shares on acquisition of subsidiaries – Auto-serve Group	28(iv)	**6,304**	**–**	**–**	**–**	**–**	**6,304**
Issue of new shares on the March 2015 Placement	28(v)	**28,570**	**–**	**–**	**–**	**–**	**28,570**
Issue of convertible bonds on acquisition of subsidiaries – equity component	25	**–**	**–**	**–**	**798,828**		**798,828**
Total transactions with owners		**236,347**	**–**	**–**	**798,828**	**–**	**1,035,175**
At 31 March 2015		**454,681**	**131,109**	**120,794**	**798,828**	**(1,249,384)**	**256,028**

30. ACQUISITION OF SUBSIDIARIES

(a) Acquisition of the Prima Finance Group

On 23 December 2013, the Company through its wholly-owned subsidiary, Star Capital Global Limited (the "Purchaser") entered into an acquisition agreement (the "Acquisition Agreement") with Exuberant Global Limited ("Exuberant Global"), Bustling Capital Limited ("Bustling Capital") and Time Prestige Holdings Limited ("Time Prestige"), together, being the vendors (the "Vendors") collectively holding the entire equity interest in Prima Finance Holdings Limited ("Prima Finance") and its subsidiaries (collectively referred to as the "Prima Finance Group"), for the acquisition (the "Acquisition") of the entire issued share capital ("Sale Shares") of Prima Finance and the related sale loans (the "Sale Loans"), details of which are set out in the Company's circular dated 30 May 2014 (the "Circular-VSA").

Pursuant to the Acquisition Agreement, the maximum nominal consideration is HK$900,000,000, which comprises the initial consideration (the "Initial Consideration") of HK$564,000,000 and the earn-out consideration (the "Contingent Consideration") of HK$336,000,000, all subject to adjustments, is to be satisfied as follows:

(i) a maximum of HK$100,000,000 by issue of the promissory notes (the "Promissory Notes") by the Company to Exuberant Global;

(ii) a maximum of HK$93,800,000 by allotment and issue of the 268,000,000 new ordinary shares of the Company (the "Consideration Shares") by the Company to the Vendors at the issue price of HK$0.35 per share;

(iii) a maximum of HK$656,200,000 by issue of the convertible bonds (the "Convertible Bonds") by the Company to the Vendors; and

(iv) a maximum of HK$50,000,000 in cash to Exuberant Global.

The Initial Consideration

The Initial Consideration of HK$564,000,000 shall be apportioned as follows:

(i) the consideration for the Sale Loans shall be equivalent to the face amount of the Sale Loans at the date of completion of the Acquisition on a dollar-for-dollar basis; and

(ii) the balance of the Initial Consideration after deducting (i) above shall be the initial consideration for the Sale Shares.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of the Prima Finance Group *(Continued)*

The Initial Consideration *(Continued)*

The Initial Consideration of HK$564,000,000 shall be satisfied upon completion of the Acquisition by the Company in the following manner:

(i) as to HK$50,000,000 by the issue of the Promissory Notes to Exuberant Global or its nominee(s);

(ii) as to HK$420,200,000 by allotment and issue of the Convertible Bonds to Exuberant Global, Bustling Capital and Time Prestige respectively or their respective nominee(s) in the amount of HK$255,630,000, HK$117,550,000 and HK$47,020,000 respectively; and

(iii) as to HK$93,800,000 by allotment and issue of 174,200,000, 67,000,000 and 26,800,000 Consideration Shares to Exuberant Global, Bustling Capital and Time Prestige respectively or their respective nominee(s) in the amount of HK$60,970,000, HK$23,450,000 and HK$9,380,000 respectively.

The Convertible Bonds in an amount up to HK$131,000,000 issued in (ii) above to Exuberant Global would be held by the Purchaser as a security for the fulfilment of the 2013 Target Profit as set out in the Circular-VSA. Deferred Convertible Bonds (as defined in the Circular-VSA) can be cancelled if the actual profit after tax of the Prima Finance Group does not meet certain target levels.

The Contingent Consideration

The Contingent Consideration of HK$336,000,000 (if any) shall be paid in the following priority:

(i) up to HK$236,000,000 (subject to the available remaining balance after the issue of the Early-paid Earn-Out Convertible Bonds as set out in the Circular-VSA) by allotment and issue of the Convertible Bonds (the “Contingent Convertible Bonds”) to Exuberant Global or its nominee(s);

(ii) up to HK$50,000,000 by cash to Exuberant Global or its nominee(s); and

(iii) up to HK$50,000,000 by the issue of the Promissory Notes to Exuberant Global or its nominee(s).

According to the Acquisition Agreement, the Contingent Consideration will only be paid if the Prima Finance Group is able to attain certain agreed levels of profit after tax for the year ended 31 December 2013 and the year ended 31 December 2014 collectively.

Further details of the Acquisition, the Initial Consideration and Contingent Consideration are set out in the announcement of the Company dated 25 June 2014 (the “Announcement-VSA Completion”) and Circular-VSA respectively.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of the Prima Finance Group *(Continued)*

On 25 June 2014 (the "Completion Date"), the Acquisition was completed and the fair values of consideration transferred/transferrable are as follows:

	HK$'000
Initial Consideration	
– Promissory Notes	**46,081**
– Consideration Shares	**184,920**
– Convertible Bonds	**860,078**
	1,091,079
Contingent Consideration	
– Contingent Convertible Bonds	**83,356**
Total consideration	**1,174,435**

The directors of the Company have engaged GCA to determine the fair value of the Initial Consideration in respect of the Promissory Notes, the Consideration Shares and the Convertible Bonds and the Contingent Consideration to be recognised, in accordance with HKFRS 13. Fair value is defined in HKFRS 13 as "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". GCA has determined the methodologies and the key valuation parameters and reviewed the business assumptions adopted.

The fair value of the Promissory Notes and the Convertible Bonds included in the Initial Consideration is valued by Trinomial Option Pricing Model. Key valuation parameters include discount rates (for both the Promissory Notes and the Convertible Bonds), volatility (for the Convertible Bonds only) and spot share price and conversion price (for the Convertible Bonds only). The fair value of the Consideration Shares included in the Initial Consideration is valued based on last traded price of shares as of 25 June 2014.

Based on the 2013 actual profit of Prima Finance Group, the directors of the Company consider part of the Convertible Bonds of HK$6,699,000 (face value) as covered by the Initial Consideration would need to be withheld by the Company as the Deferred Convertible Bonds according to terms of the Acquisition Agreement. However, the directors of the Company have made an assessment about the Prima Finance Group's 2014 profit forecast and consider it is appropriate to assume the Deferred Convertible Bonds would need to be fully released subsequently.

The amount of the Contingent Convertible Bonds to be issued is subject to the 2014 actual profit after tax of the Prima Finance Group, therefore, at the Completion Date, the Contingent Consideration is classified as a liability, measured at fair value. Subsequent changes to the fair value of the Contingent Consideration are recognised in profit or loss of the Group.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of the Prima Finance Group *(Continued)*

The Contingent Consideration is valued by GCA in accordance with HKFRS 13 and is mainly based on the financial position of the Group, the trading price of the Company's shares, the latest financial information of the Prima Finance Group, the Prima Finance Group's financial performance forecast and other relevant indicators. Based on the Prima Finance Group's 2014 financial performance forecast, at the Completion Date the directors of the Company estimated that HK$83,356,000 of the Contingent Consideration will be required by way of issuance of the Contingent Convertible Bonds with face value amounting HK$40,653,000. No Promissory Notes or cash will need to be issued/paid. Trinomial Option Pricing Model is used for the valuation of Contingent Convertible Bonds.

On 25 June 2014, the net identifiable assets acquired and liabilities assumed, at fair value, of the Prima Finance Group are as follows:

	HK$'000
Non-current assets	
Property, plant and equipment	1,020
Intangible assets	167,845
Deferred tax assets	1,849
Current assets	
Prepayments, deposits and other receivables	6,331
Amounts due from related parties	4,349
Loans to customers	293,482
Cash and cash equivalents	95,694
Current liabilities	
Interest-bearing loan	(29,931)
Accrued expenses, other payables and deposits received	(4,832)
The Sale Loans	(5,000)
Tax payables	(7,848)
Non-current liabilities	
Deferred tax liabilities	(41,961)
	480,998
Net identifiable assets acquired and liabilities assumed, at fair value	480,998
100% fair value of the Sale Loans	5,000
Non-controlling interests	(19,376)
Goodwill arising from the acquisition (Note 16)	707,813
	1,174,435
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired of	95,694

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of the Prima Finance Group *(Continued)*

The directors of the Company have engaged GCA to determine the fair value of the net tangible assets and intangible assets of the Prima Finance Group as well as the Sale Loans acquired, in accordance with HKFRS 13. GCA has determined the methodologies and the key valuation parameters and reviewed the business assumptions adopted.

Net tangible assets (i.e. other than intangible assets) refer to deferred tax assets/liabilities and other net assets. For other net assets, their carrying values approximate their fair values as at 25 June 2014 given their short term in nature. For the deferred tax assets/liabilities, it is associated with the impairment allowance on loans to customers and the identifiable intangible assets, respectively, and is calculated using PRC corporate income tax rate of 25% on the impairment allowance on loans to customers and the fair value adjustment of the identifiable intangible assets.

The identifiable intangible assets are the Pawn Licences as set out in Note 15.

With respect to the Sale Loans acquired, GCA has considered that it's carrying value approximate its fair value because of its short term nature.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be paid by the Group over the fair value of identifiable intangible assets and net tangible assets of the Prima Finance Group. Details are set out in Note 16.

The final settlement value of the Contingent Consideration is revalued at 31 December 2014 with reference to the Prima Finance Group's actual profit for the year ended 31 December 2014 (the "2014 Actual Profit"). Based on the profit information of the Prima Finance Group audited by Mazars CPA Limited ("Mazars") and the agreed-upon procedures report of the Prima Finance Group's guaranteed profit for the year ended 31 December 2014 issued by Mazars on 4 February 2015, the 2014 Actual Profit exceeded the benchmarked contingent profit level and the Group shall pay for the Contingent Consideration in full. The face value of the Contingent Consideration would be HK$336,000,000. Pursuant to the Acquisition Agreement, the principal amount of the Convertible Bonds, cash and Promissory Notes to be allotted and issued or paid to Exuberant Global would be HK$236,000,000, HK$50,000,000 and HK$50,000,000 respectively.

Due to the facts that the final settlement value of the Contingent Consideration is indexed to the 2014 Actual Profit, therefore, the directors of the Company have engaged GCA to determine the fair value of the Contingent Consideration – Promissory Notes, Convertible Bonds and cash payable at 31 December 2014, in accordance with HKFRS 13. GCA has determined the methodologies and the key valuation parameters and reviewed the business assumptions adopted.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of the Prima Finance Group *(Continued)*

On 31 December 2014, the fair values of Contingent Consideration are as follows:

	HK$'000
Contingent Consideration	
– Convertible Bonds	387,738
– Cash	49,263
– Promissory Notes	44,851
	481,852

The fair value of the Promissory Notes included in the Contingent Consideration is valued by Hull-White model (with Trinomial Tree method). Key valuation parameters include time to maturity, discount rate, mean-reverting rate of short rate and volatility of short rate.

The fair value of the Convertible Bonds included in the Contingent Consideration is valued by Black-Scholes model (with Trinomial Tree method). Key valuation parameters include discount rate, time to maturity, spot share price, conversion price, risk free rate, and volatility of share price.

Key valuation parameters in the valuation of cash payable included in the Contingent Consideration include time to maturity and discount rate.

The fair value loss on the Contingent Consideration of HK$398,496,000 since the Completion Date to 31 December 2014 is the result of the increase in fair value of the Contingent Consideration from HK$83,356,000 on the Completion Date to HK$481,852,000 on 31 December 2014. This is mainly due to the significant growth in profit of the Prima Finance Group since the completion of the Acquisition on 25 June 2014.

Since acquisition, the acquired business has contributed HK$122,589,000 and HK$101,127,000 (before impairment of goodwill) to the revenue and results of the Group respectively. If the business combination effected during the year ended 31 March 2015 had taken up at 1 April 2014, the consolidated revenue and results of the Group would be increased by HK$30,196,000 and HK$21,288,000 respectively.

The contingent consideration is fully settled in February 2015 by issuance of relevant promissory notes and convertible bonds as well as the recognition of a payable to Exuberant Global.

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Acquisition of the Auto-serve Group

On 13 January 2015, Beijing Wanchi and United Tone Investments Limited, the wholly-owned subsidiaries of the Company, as purchasers, entered into a conditional sale and purchase agreement (the "Auto-serve Agreements") to purchase the entire equity interest in Beijing Auto-serve Software Company Limited* and the entire issued share capital of Vibrant Youth Limited (collectively referred to as the "Auto-serve Group").

Pursuant to the Auto-serve Agreements, the maximum nominal consideration is RMB55,000,000 (equivalent to HK$68,750,000) which comprises of and to be satisfied by the Group in the following manners:

(i) Initial consideration

The initial consideration of RMB9,000,000 (equivalent to HK$11,250,000) which is to be settled in cash of RMB5,000,000 (equivalent to HK$6,250,000) and an aggregate of RMB4,000,000 (equivalent to HK$5,000,000) by the allotment and issue of 10,869,565 new shares of the Company, which are subject to a lock-up period of six months from the completion of acquisition, at an issue price of RMB0.368 per share (equivalent to HK$0.46 per share pursuant to the Auto-serve Agreement) to the vendors upon completion;

(ii) Contingent consideration

A maximum of RMB46,000,000 (equivalent to HK$57,500,000) which will be settled by the allotment and issue of a maximum of 125,000,000 new shares of the Company at an issue price of RMB0.368 per share (equivalent to HK$0.46 per share pursuant to the Auto-serve Agreement) to the vendors upon fulfilment of the guaranteed profits for the years ending 31 December 2015 (the "2015 Guaranteed Profit") and 2016 (the "2016 Guaranteed Profit") which is subject to adjustment and to be satisfied as to:

- RMB10,514,000 (equivalent to HK$13,142,000) for the fulfilment of the 2015 Guaranteed Profit; and

- RMB35,486,000 (equivalent to HK$44,358,000) for the fulfilment of the 2016 Guaranteed Profit.

The transaction is completed on 13 March 2015 and the initial consideration has duly settled upon completion.

Further details of the Auto-serve Agreements are set out in the announcements of the Company dated 13 January 2015, 23 January 2015 and 13 March 2015 respectively.

* *English name for identification purpose only*

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Acquisition of the Auto-serve Group *(Continued)*

On 13 March 2015, the net identifiable assets acquired and liabilities assumed, at fair value, of the Auto-serve Group are as follows:

	HK$'000
Non-current assets	
Property, plant and equipment	671
Intangible assets	18,837
Current assets	
Trade receivables	1,430
Prepayment deposits and other receivables	1,593
Amounts due from related parties	1,001
Cash and cash equivalents	7,095
Current liabilities	
Accrued expenses and other payables	(3,462)
Amount due to related companies	(24)
Tax payable	(196)
Non-current liabilities	
Deferred tax liabilities	(4,709)
	22,236
Net identifiable assets acquired and liabilities assumed, at fair value	22,236
Goodwill arising from the acquisition (Note 16)	64,221
	86,457
Consideration satisfied by:	
Cash	6,294
Issue of new shares of the Company, at fair value	6,413
Contingent consideration – consideration shares	73,750
Total consideration, at fair value	86,457
Net cash inflow arising on acquisition:	
Consideration paid in cash	(6,294)
Cash and cash equivalents acquired	7,095
	801

30. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) Acquisition of the Auto-serve Group *(Continued)*

The contingent consideration requires the Group to pay the vendors a maximum of RMB46,000,000 (equivalent to HK$57,500,000) if the Auto-serve Group's profit after tax in each years ending 31 December 2015 and 2016 should not be less than RMB5,500,000 (equivalent to HK$6,875,000) and RMB10,000,000 (equivalent to HK$12,500,000).

The directors of the Company have engaged GCA to determine the fair value of the initial consideration and contingent consideration to be recognised at the completion date, in accordance with HKFRS 13. GCA has determined the methodologies and the key valuation parameters and reviewed the business assumptions adopted.

The fair value of the contingent consideration – consideration shares is valued with reference to the trading price of the Company's shares, the latest financial information of the Auto-serve Group, the Auto-serve Group's financial performance forecast and other relevant indicators. The directors of the Company consider it is probable that full allotment of the contingent consideration – consideration shares by 125,000,000 new shares of the Company would be required and therefore, contingent consideration of HK$73,750,000 (being 125,000,000 shares valued at HK$0.59 each) is recognised as at 13 March 2015.

Due to the facts that the final settlement value of the contingent consideration-consideration shares is indexed to the achievement of the 2015 and 2016 Guaranteed Profit, therefore, the fair value of the contingent consideration – consideration shares is remeasured as at 31 March 2015 on the same basis as above and the Group recognised a fair value gain on contingent consideration – contingent share of HK$11,250,000 in profit or loss reducing the contingent consideration to HK$62,500,000 as a result of the decrease in share price of the Company.

There would have no material impacts to the revenue and results of the Group should the above acquisition occurred at the beginning of the year.

31. DISPOSAL OF SUBSIDIARIES

On 5 September 2014, the Group disposed of (i) its 100% equity interests in Star Trading International Investment Company Limited ("STII") and its subsidiary (collectively referred to as the "STII Group"); and (ii) its aggregate advance owed by the STII Group (the "STII Group Shareholder's Loan") to the Group, to an independent third party at an aggregate cash consideration of HK$20,000,000 (collectively the "Disposal"). Further details of the Disposal are set out in announcement of the Company dated 5 September 2014. The net assets of the STII Group at the date of the Disposal were as follows:

	HK$'000
Property, plant and equipment	9,378
Prepayments, deposits and other receivables	1
Cash and cash equivalents	176
Accrued expenses and other payables	(103)
The STII Group Shareholder's Loan	(23,103)
Net liabilities of the STII Group	(13,651)
Assignment of the STII Group Shareholder's Loan	23,103
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	(1,356)
Direct costs incurred for the Disposal	389
Gain on disposal of subsidiaries	11,515
Total cash consideration received	20,000

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration	20,000
Costs directly attributable to the disposal	(389)
Cash and cash equivalents disposed of	(176)
	19,435

32. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 2 August 2012.

Under the Scheme, the Board of Directors (the "Board") may at its discretion offer to any employee of the Group, any director (whether executive or non-executive and whether independent or not) of the Group, any adviser, consultant, supplier, distributor, contractor, agent, business partner, promoter, services provider or customer of the Group whom, in the sole discretion of the Board, has contributed or will contribute to the Group of the options to subscribe for shares in the Company in accordance with the terms of the Scheme and Chapter 23 of the GEM Listing Rules. The principal purposes of the Scheme are to recognise and motivate the contribution of the employees of the Group and to provide incentives and help the Group in retaining its existing employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Group. The Scheme commenced on 2 August 2012 and will end on the day immediately prior to the tenth anniversary thereof.

The maximum number of shares in respect of which options may be granted under the Scheme and any other share option scheme of the Company may not exceed 10% of issued share capital of the Company, or may not exceed a maximum of 30%, should the shareholders renew the 10% limit, from time to time which have been duly allotted and issued. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

An option may be exercised in accordance with the terms of the Scheme where applicable at any time during the option period after the option has been granted by the Board. The option period, during which an option may be exercised, is determined by the Board under the Scheme, but may not be later than ten years after the date of the grant of the option. According to the Scheme where applicable, there is no provision requiring a minimum holding period before an option may be exercised. A nominal consideration of HK$1 is payable on acceptance of the grant of an option under the Scheme where applicable.

The exercise price will be determined by the Board under the Scheme, but may not be less than the higher of (i) the closing price of the Company's shares on the GEM of the Stock Exchange on the date of the options granted; (ii) the average of the closing prices of the Company's shares on the GEM of the Stock Exchange for the five trading days immediately preceding the date of the options granted; and (iii) the nominal value of the Company's shares.

No option has been granted or exercised under the Scheme during the year ended 31 March 2015 and 2014.

33. OPERATING LEASE COMMITMENTS

As lessor

During the current year, the Group's rental agreement with a tenant in respect of its investment property expired.

The Group had total future minimum lease receivables under non-cancellable operating lease with its tenant falling due as follow:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**–**	1,903

As lessee

The Group and the Company leases its office premises and a staff's quarter under operating lease arrangements where applicable, with leases negotiated for terms ranging from three months to twenty years. None of the leases includes contingent rentals.

The Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**6,679**	2,337
In the second to fifth years, inclusive	**7,320**	4,554
Over five years	**2,754**	–
	16,753	6,891

	The Compnay	
	2015	2014
	HK$'000	HK$'000
Within one year	**3,277**	2,337
In the second to fifth years, inclusive	**3,205**	4,554
	6,482	6,891

34. CAPITAL COMMITMENT

As at 31 March 2015, the Group had contracted but not provided capital commitment of RMB3,500,000 (equivalent to approximately HK$4,426,000) in respect of further investment in Shenyang Hulian.

35. CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed. Save for those transactions/information disclosed elsewhere in these consolidated financial statements, details of transactions between the Group and other connected and/or related parties are disclosed below.

(a) Compensation for key management personnel, including amounts paid to the Company's directors and the senior executives, is as follows:

	The Group	
	2015	2014
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**4,486**	17,857
Retirement benefit costs	**85**	85
	4,571	17,942

(b) During the current year, the Group incurred management fee of HK$Nil (2014: HK$293,000) paid or payable to a related company which is partially owned by a director of a subsidiary. Included in accrued expenses, other payables and deposits received as at 31 March 2015 is an amount of HK$Nil (2014: HK$84,000) due to the related company which is trade in nature, and is unsecured, interest-free and repayable on demand.

(c) During the current year, the Group earned consultancy fee income of approximately HK$60,000 (2014: HK$238,000) from a related company which is owned by a director of the Company.

(d) As at 31 March 2015 and 2014, the amounts due to a shareholder, non-controlling owner of a subsidiary and a related company are unsecured, interest-free and repayable on demand. The amount due to a shareholder represents the cash payable portion of the contingent consideration arising from the acquisition of the Prima Finance Group as set out in Note 30(a). The amount due to a related company has been fully settled during the current year.

36. CAPITAL RISK MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares to reduce debts.

The Group has no plan to use special measures to adjust its gearing ratio in the foreseeable future.

37. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risk and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's financial business, and the operational risks are inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risk, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Group regularly reviews its risk management policies and procedures to reflect changes in markets and products.

The directors of the Company are responsible for establishing the overall risk appetite of the Group and reviewing and approving the risk management objectives and strategies. Within this framework, the Group's senior management has overall responsibility for managing all aspects of risks including implementing risk management strategies, initiatives and credit policies and approving internal policies, measures and procedures related to risk management. The Group's relevant functional units are responsible for monitoring financial risks.

The main risks arising from the Group's business and financial instruments are market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk.

(a) Market risk

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured long-term bank borrowings of approximately HK$12,133,000 with floating interest rates as at the end of the reporting period. The interest rates and terms of repayment have been disclosed in Note 26. The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

At the end of the reporting period, if interest rates has been 100 basis points higher/lower and all other variables were held constant, the Group's net loss would increase/decrease by approximately HK$121,000 (2014: HK$Nil), but there would be no impact on the other equity reserves.

The sensitivity analysis above has been determined assuming that the change interest rates has occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for the secured long-term bank borrowing in existence at the date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual end of the reporting period.

The Group's other interest-bearing assets and liabilities are loans to customers, secured short-term bank borrowings and bank balances, which mostly bear fixed interest rate to generate cash flows independent from market interest rates or the interest to be earned/paid is expected to be insignificant. At the end of the reporting period, the remaining period to the contractual maturity dates of loans to customers are mainly within 6 month and all within 12 months, whilst maturity dates of secured short-term bank borrowings are within 12 months.

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Market risk *(Continued)*

(ii) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and US$ respectively. As at 31 March 2015, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the respective functional currencies, i.e. RMB and US$, used by the respective group entities, or in the US$ for the respective group entities with HK$ being the functional currency.

As HK$ is pegged to US$, the Group considers the risk of movements in exchange rates between HK$ and US$ to be insignificant for transactions denominated in US$. The RMB is not freely convertible into other foreign currencies and conversion of the RMB into foreign currencies is subject to rules and regulations of foreign exchange control promulgated by the PRC government. As at 31 March 2015, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

(b) Credit risk

The Group takes on exposure to credit risk, which is the risk that the counterparty will cause a financial loss for the Group by failing to discharge on obligation. Credit risk is primarily attributable to loans to customers, trade and other receivables and bank balances.

Significant changes in the economy, or in the health of real estate, automobiles and equipment and personal properties industry segment that represents a concentration in the Group's debtors portfolio, could result in losses that are different from those provided for as at the end of the reporting period. Management therefore carefully manages its exposure to credit risk.

Short-term financing business

Monitoring and measurement of credit risk over loans to customers are performed by the Risk Management Department and reported to the Group's senior management and the directors of the Company.

(i) Credit risk mitigation policies

Pawn-broker business

The Group employs a range of policies and practices to mitigate credit risk. For pawnshop services, the most traditional of these is the taking of specific classes of collateral from customers. The principal collateral types for pawn loans to customers are:

- real estate, including land use rights, residential and commercial properties;
- automobiles and equipment;
- equity interest; and
- personal properties and inventories, including but not limited to precious metal and jewellery.

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

(i) Credit risk mitigation policies *(Continued)*

Collateral

The Group implements guidelines on the acceptability of specific classes of collateral. The amount of acceptable collateral at the time of loan origination is determined by the Risk Management Department and is subject to loan-to-value ratio limits based on type and is monitored on an ongoing basis by the Risk Management Department.

Collateral are initially assessed by business department and are then independently evaluated by Risk Management Department. The Group puts in place procedures to validate the authenticity of the legal title documents of the collateral assets pledged in particular for real estate properties. The Group has also experienced specialists to assess precious metal and jewellery. Evaluation of collateral is normally conducted with reference to market prices and the condition of the collateral itself. Evaluations from a registered independent professional appraiser may be requested for collaterals that are more difficult to value internally.

The Group implements safe custody measures on the collateral pledged and these collaterals are stored in a security vault at the relevant chain outlets or branches under the business department. Alarm systems are installed connecting directly to police stations at each of the pawn and micro financing brokering chain outlets.

Micro financing business

For the Group's micro financing business, the Credit Approval Committee reviews the credit assessment of the customer's repayment ability and willingness, financial and operating conditions by the Business Department and approves the granting of loan facilities to the corporate and personal customers. The credit assessment and evaluation conducted by the Business Department involves the collection and evaluation of the applicants' credit standing and financial information, coupled with other means of investigations which include quantitative and qualitative analysis of the borrowers' financial conditions and operational activities and the guarantors where applicable primarily through on-site investigation.

The Group manages credit risks of its existing loan portfolio on an individual basis through a team of designated customer officers within the Business Department who conduct post monitoring measures including the monitoring of loan repayment status and the latest developments and changes in the borrowers' business and financial conditions during the loan period so as to early detect indication of default risk of the borrowers and report to Credit Approval Committee for any risk mitigation measures where appropriate.

The Group employs a range of policies and methods to mitigate credit risk, including primarily, taking collateral, which may include land use rights and building and obtaining guarantee from companies or individuals/shareholders of the corporate borrowers for the Group's micro financing business.

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk *(Continued)*

(ii) Impairment and provisioning policies

Impairment provisions are recognised for financial reporting purposes only for losses that have incurred as at the end of the reporting period based on objective evidence of impairment.

The Group's credit risk management policies require the review of individual outstanding loans at least semi-annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at date of the statement of financial position on a case-by-case basis. The assessment normally encompasses collateral held and the anticipated receipts for that individual account, taking into account the customer's financial standing, current ability to pay, quality and value of collateral, past experience, the financial standing of the third party guarantor, and information specific to the customer as well as pertaining to the economic environment in which the customer operates. Personal property backed pawn loans are not individually significant so as to warrant an individual assessment.

Collectively assessed impairment allowances are provided for: (i) portfolios of outstanding loans that have been individually assessed with no objective evidence of impairment by homogenous collateral type; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques. Please refer to Note 19 for individually assessed and collectively assessed impairment allowances arising from loans to customers.

At the end of the reporting period, the Group had a concentration credit risk as 18% and 29% of the total loans to customers (net) were made up by the Group's largest loan customer's and the five loan largest customers' outstanding balances respectively.

Other businesses

At the end of the reporting period, majority of the Group's bank deposits is placed with renowned financial institutions and the credit risk is considered low. The Group has policies in place to ensure that sales of products are made and services are provided to customers with an appropriate credit history. The Group's historical experience in collection of trade and other receivables falls within the recorded allowance, if any, and the directors are of the opinion that adequate allowance for uncollectible receivables if needed has been made in these consolidated financial statements.

(c) Liquidity risk

The Group's policy to manage liquidity risk is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Due to the dynamic nature of the underlying businesses, the Group maintains a reasonable level of cash and cash equivalents. The Group's primary cash requirements have been for purchases of goods, machinery and equipment and payment of related debts. The Group finances its working capital requirements through funds generated from operations and fund raising exercises. The management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected future cash flows.

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The following table details the remaining contractual maturities as at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, or if floating based on rates current as at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	2015			
	Total carrying value HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	1 – 5 year(s) HK$'000
Trade payables	34,806	34,806	34,806	–
Accrued expenses, other payables and deposits received	14,668	14,668	14,668	–
Amount due to a shareholder	50,000	50,000	50,000	–
Amount due to a non-controlling owner of a subsidiary	1,950	1,950	1,950	–
Interest-bearing borrowing (Note)	43,113	46,620	34,260	12,360
Promissory notes	49,808	75,600	4,320	71,280
Convertible bonds	471,509	689,010	–	689,010
	665,854	912,654	140,004	772,650

Note: The amount repayable under a bank loan agreement that includes a clause that gives the bank an unconditional right to call the loan at any time is classified under the category of "within 1 year or on demand". However, the directors of the Company do not expect that the bank would exercise such right to demand the repayment and thus the borrowing, which included the related interest, would be repaid according to the above schedule as set out in the loan agreement.

	2014			
	Total carrying value HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	1 – 5 year(s) HK$'000
Trade payables	33,779	33,779	33,779	–
Accrued expenses, other payables and deposits received	16,241	16,241	16,241	–
Amount due to a non-controlling owner of a subsidiary	1,950	1,950	1,950	–
Amount due to a related company	60	60	60	–
	52,030	52,030	52,030	–

37. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

The Company

	2015 Total carrying value HK$'000	2015 Total contractual undiscounted cash flows HK$'000	2015 Within 1 year or on demand HK$'000	2015 1 – 5 year(s) HK$'000
Accrued expenses, other payables	1,447	1,447	1,447	–
Amount due to a shareholder	50,000	50,000	50,000	–
Promissory notes	49,808	75,600	4,320	71,280
Convertible bonds	471,509	689,010	–	689,010
	572,764	816,057	55,767	760,290

	2014 Total carrying value HK$'000	2014 Total contractual undiscounted cash flows HK$'000	2014 Within 1 year or on demand HK$'000	2014 1 – 5 year(s) HK$'000
Accrued expenses, other payables	15,192	15,192	15,192	–

38. FAIR VALUE MEASUREMENTS

The following presents the assets and liabilities measured at fair value or required to disclose their fair value in these consolidated financial statements on a recurring basis as at 31 March 2015 across the three levels of the fair value hierarchy defined in HKFRS 13, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

38. FAIR VALUE MEASUREMENTS *(Continued)*

(a) Assets measured at fair value

The Group

	At 31 March 2015			
	Total	**Level 1**	**Level 2**	**Level 3**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Assets measured at fair value				
Investment property (Note 14)	**50,000**	**–**	**50,000**	**–**
Liability measured at fair value				
Contingent consideration – consideration shares (Note 30(b))	**62,500**	**–**	**62,500**	**–**

	At 31 March 2014			
	Total	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
Asset measured at fair value				
Investment property (Note 14)	101,000	–	–	101,000

During the years ended 31 March 2015 and 2014, except for the transfer from Level 3 to Level 2 as detailed in Note 14, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

The descriptions of the valuation techniques and inputs used in fair value measurement for investment property and contingent consideration – consideration shares were detailed in Notes 14 and 30(b) respectively.

(b) Assets and liabilities with fair value disclosure, but not measured at fair value

The carrying amounts of financial assets and liabilities that are carried at amortised costs are not materially different from their fair value at the end of the reporting period.

39. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 13 April 2015, convertible bonds at a conversion price of HK$0.35 per share with principal value of HK$33,000,000 have been converted into 94,285,713 new ordinary shares of the Company.

Financial Summary

RESULTS

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000 (restated)
Revenue					
Continuing operations	**200,747**	90,159	95,447	100,631	54,804
Discontinued operation	**–**	–	–	22,936	22,177
	200,747	90,159	95,447	123,567	76,981
Loss before income tax from continuing and discontinued operations	**(938,326)**	(62,550)	(24,507)	(36,025)	(107,630)
Income tax from continuing and discontinued operations	**(20,675)**	904	(764)	(224)	1,040
(Loss)/Profit attributable to:					
Owners of the Company	**(959,988)**	(61,057)	(25,654)	(36,356)	(106,038)
Non-controlling interests	**987**	(589)	383	107	(552)
Loss for the year	**(959,001)**	(61,646)	(25,271)	(36,249)	(106,590)

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**513,364**	147,444	160,759	60,545	94,380
Current assets	**544,614**	82,691	116,220	91,822	77,473
Assets held for sale	**–**	–	–	15,150	–
Current liabilities	**166,385**	53,337	64,664	52,421	36,439
Liabilities held for sale	**–**	–	–	607	–
Net current assets	**378,229**	29,354	51,556	53,944	41,034
Non-current liabilities	**622,347**	5,987	7,825	7,825	8,429
Total equity	**269,246**	170,811	204,490	106,664	126,985

Note: The revenue figures have been re-presented as if the mining business segment and general trading business segment had been discontinued during the years ended 31 March 2011 and 2012 respectively, the earliest period presented.

Particulars of Property

At 31 March 2015

INVESTMENT PROPERTY

Location	Use	Tenure	Attributable interest of the Group
Room 222, 2nd Floor, Central Services Building, Nan Fung Industrial City, No. 18 Tin Hau Road, Tuen Mun, New Territories	Vacant	Medium term lease	100%