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China Smartpay Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8325)

2015
Annual Report

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

Contents

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhang Huaqiao *(Chairman)*
(re-designated from a non-executive director to an executive director on 13 May 2015)
Dr. Cao Guoqi
Mr. Fung Weichang
Mr. Xiong Wensen (appointed on 3 June 2014)
Mr. Song Xiangping (appointed on 16 January 2015)
Mr. Cheng Nga Ming Vincent
Ms. Cheng Nga Yee (resigned on 25 July 2014)

Independent Non-executive Directors

Mr. Wang Yiming
Mr. Lu Dongcheng
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Lee Kin Fai (resigned on 19 May 2014)

REGISTERED OFFICE

Cricket Square
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Cayman Islands

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Hong Kong

COMPANY SECRETARY

Mr. Tang Wai Leung, *HKICPA*

COMPLIANCE OFFICERS

Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Cheng Nga Ming Vincent
Mr. Lee Kin Fai (resigned on 19 May 2014)

AUDIT COMMITTEE

Dr. Yuan Shumin *(Chairman)* (appointed on 19 May 2014)
Mr. Wang Yiming
Mr. Lu Dongcheng
Mr. Lee Kin Fai *(Chairman)* (resigned on 19 May 2014)

REMUNERATION COMMITTEE

Dr. Yuan Shumin *(Chairman)* (appointed on 19 May 2014)
Mr. Wang Yiming
Mr. Lu Dongcheng
Mr. Lee Kin Fai *(Chairman)* (resigned on 19 May 2014)

NOMINATION COMMITTEE

Mr. Lu Dongcheng *(Chairman)*
Mr. Wang Yiming
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Lee Kin Fai (resigned on 19 May 2014)

INTERNAL CONTROL COMMITTEE

Dr. Yuan Shumin *(Chairman)* (appointed on 19 May 2014)
Mr. Wang Yiming
Mr. Lu Dongcheng
Mr. Lee Kin Fai *(Chairman)* (resigned on 19 May 2014)

COMPLIANCE COMMITTEE

Mr. Cheng Nga Ming Vincent *(Chairman)*
Mr. Wang Yiming
Mr. Lu Dongcheng
Dr. Yuan Shumin (appointed on 19 May 2014)
Mr. Lee Kin Fai (resigned on 19 May 2014)

AUTHORISED REPRESENTATIVES

Mr. Cheng Nga Ming Vincent
Mr. Tang Wai Leung

COMPANY WEBSITE

www.chinasmartpay.com

STOCK CODE

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Corporate Information

AUDITOR

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Certified Public Accountants
42/F, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F., Asia Orient Tower, Town Place
33 Lockhart Road
Wan Chai
Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank Limited
Bangkok Bank Public Company Limited
China Merchants Bank Co., Limited
China Minsheng Bank
Bank of Shanghai

INVESTOR RELATIONS CONTACT

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Chairman's Statement

To all shareholders,

I am pleased to present the annual report of China Smartpay Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015 to the shareholders of the Company.

The past year has been an exciting and rewarding year for us. Over the span of only one and half years, we have transitioned from a single-business company covering a single geographic area into a major player in Pan-Asia payment and internet finance industry, one of the industries with the highest growth potential.

Our core strengths

The single most important task we have succeeded this past year was the acquisition of 90% shareholding of 開聯通支付服務有限公司 (Open Union Payment Services Limited, "Open Union", its English translation is for identification only) in January 2015. Open Union has one of the only six Payment Service Licences issued by the People's Bank of China (the "PBOC") in the PRC as at the date of this report which allows it to engage in both online and offline prepaid payment service across the PRC, effectively making us one of the only companies in the PRC that can provide high-frequency, small-value prepaid service all around China, regardless of the physical means of payment such as cards or mobile phones.

In order to maximize the value of this acquisition, we have also assembled an experienced team of payment professionals, including former employees from almost all of the established payment and banking institutions. Despite the fast expansion, we take pride in remaining a youthful and highly efficient team with a mindset of a start-up company and an ambition for greatness.

Further, we have upgraded the IT infrastructure of Open Union by leaps and bounds so that our new payment platform is now ready to take on a much wider range of business opportunities in a way that is not previously imaginable. These opportunities fall into four core strategic areas:

"Internet + prepaid" service

When we look at "prepaid", we are not just looking at a card that can do prepaid service. We are in fact looking at a complete internet-based ecosystem that can provide tailor-made payment service for the consumers. With this in mind, we have established several strategic cooperation with leading companies in the specific industries.

One example is the MSYPAY project, a cooperation on healthcare payment with 易聯眾信息技術股份有限公司 (YLZ Information Technology Co., Ltd, "YLZ", its English translation is for identification only, one of the China's largest providers of social security and healthcare IT solutions), which has been implemented at three hospitals in Fujian Province as part of a pilot project as at the date of this report. Our cooperation allows our customers to access different hospitals, pharmacies and online medical merchants with one single account, accessible by cards, automatic teller machines, the internet and mobile phones.

The joint venture agreement with Digital China Group (as disclosed in the Company's announcement dated 14 May 2015) represents another major development of this strategy. By partnering with Digital China Group, one of China's largest Smart City solutions providers, we can tap into the vast smart city payment market, including but not limited to public transportation payment, neighbourhood payment and citizen's card payment.

Through these partnerships, we will quickly enlarge our customer base, with all the payment data that come with it, allowing us to map out a detailed financial profile of individual customer. In turn, these profiles will be central to any further value-added services such internet finance.

Merchant Online-to-Offline ("O2O")

On the merchant side, we have also adopted a highly revolutionary strategy. With our cloud-based, smart terminal technology, we are taking merchants into a truly internet age. Through a single platform provided by us, our merchants are not only able to accept all of today's existing payment methods, but can also interact with their customers on a deep level. For instance, our merchants can manage membership rewards and issue e-coupons to their customers' mobile phones, and their customers can in term redeem these rewards and coupons at the merchants, all on one platform. It is no wonder that our technology has been chosen as the sole smart terminal solution by Dalian Wanda Group, the largest owner of commercial property in China. Up to the date of this report, around 2,500 smart terminals are already in operation, including deployment in five Wanda Plazas.

In the same way that our "internet + prepaid" can gives us insight into the economic activities of our customers, our merchant O2O strategy can also allow us to map out a detailed financial profile of individual merchant, which is equally important for any further value-added services.

Pan-Asia payment and e-commerce network

Our business has always been international in nature. Over the past year, the Company has built strong partnerships to jointly develop cross-border payment and e-commerce business with established players such as NETS (Singapore's national payment system), Haitong International and the Yunnan Provincial Government. To take one step further, on 5 May 2015, the People's Bank of China, Guangzhou Branch has granted approval for Open Union and Bank of China to jointly conduct cross-border Renminbi settlement services for the trading of goods and services by corporations and individuals in the PRC.

The long-term goal of the Group's Pan-Asia strategy is to become one of the first companies to build a network incorporating online payments, offline payment acceptance, e-commerce and internet finance throughout Asia-Pacific.

Value-added and internet finance services

We are not just a payments company. In fact, with all the strategic payments data we are managing on both the customer side and the merchant's side, we are able to offer a wide range of value-added and internet financial services. With this long-term strategy in mind, we signed an agreement to acquire a leading rewards company in China which provides premium rewards and benefits to China's high-end credit card holders. Moreover, we formed a strategic partnership with Shanghai Niwodai (as disclosed in the Company's announcement dated 12 April 2015) to jointly explore and develop internet finance and payments. We are also actively searching for opportunities to either partner with or acquire internet finance operators.

Zhang Hauqiao
Chairman

Hong Kong, 22 June 2015

BUSINESS AND FINANCIAL REVIEW

Revenue

In addition to the cross-broder e-commerce solution business and the card acceptance transaction fee income and the foreign exchange rate discount income generated from the card acceptance business in Thailand, revenue for the Group for the year ended 31 March 2015 was also generated from its prepaid cards and internet payment business which was carried out by a new subsidiary acquired by the Group in January 2015. Total revenue of the Group for the year ended 31 March 2015 amounted to approximately HK$333.39 million, of which approximately HK$219.93 million was attributed from the cross-border e-commerce solution business, approximately HK$7.87 million was attributed from the prepaid cards payment business and approximately HK$105.59 million was attributed from the card acceptance business in Thailand respectively.

The income generated from the prepaid cards and internet payment business and cross border e-commerce business was driven by the increasing volume of prepaid cards and internet payment and cross-border e-commerce trading activities. The revenue of prepaid cards and internet payment business and cross-border e-commerce business for the year amounted to approximately HK$227.80 million, representing 68.33% of total revenue of the Group.

For the card acceptance business, throughout the year, total transaction volume handled by the Group in Thailand was amounted to approximately Thai Baht ("Baht") 27,476 million (equivalent to approximately HK$6,571 million), with a slightly decrease of approximately 1% as compared with the same recorded in last year. The decrease was mainly attributed to the political instability in the first quarter of the year. The political instability was improved since July 2014.

Cost of Goods Sold/Cost of Services Rendered

Total cost of goods sold and cost of services rendered was amounted to approximately HK$270.29 million, represented an increase of approximately 140% as compared with the same recorded in last year. Cost of goods sold for the cross-border e-commerce solution business representing the cost for goods traded. Whilst the cost of service rendered comprised the information network cost and the licence fee cost of the card acceptance business in Thailand. The increase was consistent with the increase in revenue generated from the cross-border e-commerce business during the year.

General Administrative Expenses

The general administrative expenses of the Group for the year ended 31 March 2015 were approximately HK$113.97 million, representing an increase of approximately 231% from that of last year. The increase was primarily attributable to an increase in overall staff costs, including the recognition of equity-settled share based payment expenses of approximately HK$53.50 million and directors' remuneration, and the legal and professional fees incurred for the investment acquisition projects of the Group during the year.

Selling and Distribution Costs

The selling and distribution costs for the year ended 31 March 2015 amounted to approximately HK$7.52 million, representing an increase of approximately 159% from last year. The increase was mainly arising from the increase in staff costs of the marketing team in Thailand, the selling and marketing costs for the newly acquired subsidiaries and the overseas travelling expenses of the Group.

Finance Costs

The finance costs for the year ended 31 March 2015 represented the 9% dividend payable to a non-controlling shareholder in respect of the issue and paid up preference share capital of Oriental City Group (Thailand) Company Limited ("OCG Thailand") and the interest expense for the other borrowings. The increase was mainly arising from the increase in interest expense amounted to approximately HK$2.50 million from secured interest bearing borrowings.

Loss for the Year

During the year ended 31 March 2015, the Group reported a net loss attributable to equity holders of the Company amounted to approximately HK$78.23 million, representing an increase of approximately 4 times over the last year. Loss per share was approximately 8.15 HK cents compared with 2.72 HK cents recorded in last year.

BUSINESS OUTLOOK

For the following year, we expect solid growth in all of the four core strategic areas, namely 1) "internet + prepaid" service in collaboration with leading companies in specific industries; 2) merchant O2O based on smart terminals; 3) Pan-Asia payment and e-commerce network and 4) value-added and internet finance services.

For "internet + prepaid", we expect all of the existing projects finishing the pilot stage in the coming year. The MSYPAY project is expected to cover all major hospitals in the city of Fuzhou in 2015/2016, and to cover all major hospitals in Fujian Province within three years. The joint venture with Digital China Group (as disclosed in the Company's announcement dated 14 May 2015) is expected to witness its first concrete result in a major city of Northeast China. We are also in the process to set up more similar partnerships with other leading companies, especially in the information technology industry.

For the merchant O2O business, we expect our smart terminals to be deployed at over 40 Wanda Plazas across China by the end of March 2016, and at all of the major Wanda Plazas by the end of 2017. In all, we expect to convert over one million merchants into our smart payment platform within five years.

Also in this coming year, we expect our Pan-Asia payment and e-commerce network taking hold in Singapore and Japan, two of the most advanced economies in Asia, by partnering with Singapore's national payment system and Japan's largest duty-free chain, respectively. Leveraging on our traditional strength in Thailand's payment market and by partnering with a subsidiary of Yunnan Provincial Government, we will add cross-border payment functions into the China-South Asia Expo card, currently operated by Open Union with issuance of 250,000 cards since its introduction. In the long term, we expect to set up a complete network incorporating online payment, offline payment acceptance, e-commerce and internet finance across Asia-Pacific.

For value-added and internet finance services, we expect the completion of acquisition of a leading premium rewards company in China by the end of July 2015. This acquisition will give major boost to the Company's revenue base. We are also seeking opportunities to expand in internet finance industry by either partnering with or acquiring internet finance operators.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operation through internally generated cash flows, public fund raisings and other borrowings. As at 31 March 2015, 微科睿思在線(北京)科技有限公司 (Wei Ke Rui Si Online (Beijing) Technology Company Limited., "Beijing Weike", its English translation for identification pupose only), an indirect wholly owned subsidiary of the Company, entered into an equity income right transfer agreement, an equity income right buyback agreement and the related pledge and mortgage agreements (the "Agreements") with 上銀瑞金資產管理(上海)有限公司 (Shangyin Ruijin Asset Management (Shanghai) Co., Ltd., "Shangyin", English translation for identification purpose only), a subsidiary of 上海銀行股份有限公司 (Bank of Shanghai Co., Ltd., "Bank of Shanghai", English translation for identification purpose only), pursuant to which Beijing Weike shall transfer the equity income right (the "Right") arising from its 90% equity interests in Open Union to Shangyin at the consideration of RMB70,000,000 (equivalent to approximately HK$88,466,000) (the "Basic Price") and Beijing Weike shall be obliged to buy back the Right at one time, within next twelve months period from the date of transfer of the consideration upon the terms and conditions thereof (the "Buyback Obligation"), at the Basic Price plus a premium of 8.57% per annum (the "Premium") of the Basic Price for the relevant period as referred to therein. Any dividend or other income associated with the 90% equity interests in Open Union shall be directly paid to an escrow account opened by Beijing Weike with Bank of Shanghai specifically for payment of the Basic Price and the Premium under the Buyback Obligation. The Premium is recognised as "finance costs" in the Group's consolidated financial statements.

The Group's other long-term borrowings amounted to Baht 1,650,000 (equivalent to approximately HK$393,000) due to a non-controlling shareholder, representing the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum and such dividend was recorded as finance costs. The gearing ratio of the Group, calculated as a ratio of total borrowings to total assets, for the years ended 31 March 2015 and 31 March 2014 were approximately 6% and 1% respectively.

As at 31 March 2015, the Group had net current assets of approximately HK$28.18 million (2014: approximately HK$139.33 million). Current ratio as at 31 March 2015 was 1.03 (2014: 4.44). The cash and cash equivalents of the Group as at 31 March 2015 were approximately HK$37.58 million (2014: approximately HK$47.14 million).

On 28 March 2014, the Company entered into a placing and subscription agreement (the "April Placing and Subscription Agreement") with Tian Li Holdings Limited (being the vendor) (the "Vendor") and certain placing agents. Pursuant to the April Placing and Subscription Agreement, the placing agents would, as placing agents of the Vendor and on a best effort basis, procure placees to purchase up to 144,000,000 placing shares (the "April Placing Share(s)") at the price of HK$1.46 per April Placing Share. Also, the Company agreed to issue and the Vendor agreed to subscribe up to 144,000,000 shares (the "April Subscription Share(s)") at the price of HK$1.46 per April Subscription Share, on the terms and subject to the conditions set out in the April Placing and Subscription Agreement. The relevant placees were not connected persons (as defined in the GEM Listing Rules) of the Company.

The placing of the April Placing Shares and the subscription of the Subscription Shares were completed on 2 April 2014 and 11 April 2014 respectively. The net proceeds, after deducting related placing commission and other related expenses, of approximately HK$204.7 million were intended to be used to finance the acquisition of Open Union and/or the possible acquisition (if materialise) or towards other lucrative business and investment opportunities which may arise in the future or otherwise as general working capital of the Group. The actual use of proceeds were: (i) approximately HK$175 million was used towards the acquisition of Open Union; (ii) approximately HK$25 million was used as investment in Shanghai Koolcloud Technology Company Limited; and (iii) the remaining balance of HK$4 million was used as general working capital.

Under the general mandate pursuant to an ordinary resolution of the shareholders of the Company passed on 25 July 2014 (the "General Mandate"), on 10 September 2014, the Company entered into a placing and subscription agreement (the "September Placing and Subscription Agreement") with the Vendor and certain placing agents. Pursuant to the September Placing and Subscription Agreement, the placing agents would, as agents of the Vendor and on a best effort basis, procure placees to purchase up to 104,310,000 placing shares (the "September Placing Share(s)") at the price of HK$1.46 per September Placing Share. Also, the Company agreed to issue and the Vendor agreed to subscribe up to 104,310,000 shares (the "September Subscription Share(s)") at the price of HK$1.46 per September Subscription Share, on the terms and subject to the conditions set out in the September Placing and Subscription Agreement. The relevant placees were not connected persons (as defined in the GEM Listing Rules) of the Group.

The placing of the September Placing Shares and the subscription of the September Subscription Shares were completed on 15 September 2014 and 24 September 2014 respectively.

Under the General Mandate, on 10 September 2014, the Company also entered into a subscription agreement (the "October Subscription Agreement") with Mr. Zhang Chang (the "Subscriber") who was a professional investor, the manager of his family fund and also the senior investment adviser of YLZ who has bridged the strategic cooperation between YLZ and Open Union in July 2014. Pursuant to the October Subscription Agreement, the Company agreed to issue and the Subscriber agreed to subscribe 68,490,000 shares (the "Subscriber's Subscription Shares") at a total consideration of HK$99,995,400. The Subscriber was not a connected person (as defined in the GEM Listing Rules) of the Company prior to the entering into of the October Subscription Agreement.

The subscription of the Subscriber's Subscription Shares was completed on 8 October 2014.

The net proceeds from the placing of the September Placing Shares and the subscription of the Subscriber's Subscription Shares, after deducting related placing commissions and other related placing commission and other related expenses, amount to approximately HK$248.24 million in aggregate. The Company intends to apply these aggregate net proceeds to finance further investment in Open Union (if materialise), any transactions contemplated under the ZH Strategic Cooperation Agreement (as detailed in the Company's announcement dated 3 September 2014) or towards other payment card business and investment opportunities which may arise in the future or otherwise as general working capital of the Group. The actual use of proceeds were: (i) approximately HK$224 million was used to fund the acquisition of Open Union; (ii) approximately HK$6 million was used as investment deposit for a company in China's payment industry; and (iii) approximately HK$18 million was used as general working capital.

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately HK$562.40 million as at 31 March 2015 (2014: approximately HK$134.45 million).

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in Hong Kong Dollars ("HK$"), Renminbi ("RMB") and Baht, which are the functional currencies of the relevant subsidiaries. The Group's trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in United States dollars ("US$"). The Directors and senior management have monitored the related foreign currency risk exposure closely. Pursuant to a written foreign currency hedging policy approved by the Directors, the Group will enter into foreign currency forward contracts should the needs arise. As at 31 March 2015, the Group had no outstanding foreign currency forward contracts for the exchange of US$ with Baht (2014: US$1,000,000, equivalent to approximately HK$7,758,000). The Directors and senior management will continue to monitor the foreign exchange exposure and will consider other applicable derivatives when necessary. Save as disclosed above, the Group did not have other derivatives for hedging against the foreign exchange rate risk as 31 March 2015.

RESULTS AND DIVIDENDS

For the year ended 31 March 2015, the Group recorded a revenue of approximately HK$333.39 million (2014: approximately HK$148.47 million) and a loss attributable to equity holders of the Company of approximately HK$78.23 million as compared with approximately HK$17.76 million for the previous year. The loss per share was 8.15 HK cents (2014: 2.72 HK cents).

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2015, the Group had a total staff of 183 (2014: 29) of whom 10 were based in Hong Kong, 162 were based in the PRC and the remaining 11 were based in Thailand. The Group develops its human resources policies and procedures based on performance, merit and market conditions. The benefits provided by the Group to its employees include discretionary bonuses, medical schemes and share options. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, the Group has made no other material acquisitions, disposals or any significant investments during the year ended 31 March 2015.

CAPITAL COMMITMENTS

As at 31 March 2015, the Group had commitments contracted for but not provided in the consolidated financial statements amounting to (i) HK$1.31 million in respect of the purchase of softwares and licences (ii) not more than RMB13 million (equivalent to approximately HK$16.7 million) in respect of the 10% equity interests in Zhongchao Hismart Information Technology (Beijing) Co. Ltd. ("Zhongchao Hismart", English translation of 中鈔海思信息技術(北京)有限公司 for identification purpose only) together with the system development on customer consumption behaviour analysis (2014: RMB20 million (equivalent to approximately HK$25 million)).

CHARGES ON ASSETS

At 31 March 2015, the Group's leasehold land and buildings with net carrying amount of approximately HK$34,923,000 and the equity interests in Open Union directly held by Beijing Weike are pledged to a financial institution in the PRC for securing a loan facility of RMB70,000,000 (equivalent to approximately HK$88,466,000) granted to Beijing Weike (2014: Nil).

CONTINGENT LIABILITIES

As at 31 March 2015, the Group did not have any significant contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period are set out in note 37 to the consolidated financial statements.

INFORMATION ON THE STRUCTURED AGREEMENTS

On 25 May 2014, the Group entered into a framework agreement (the "Framework Agreement") on the acquisition of 33% interests in Beijing Weike, which is a company established in the PRC with limited liability and holds 90% equity interests in Open Union. On 23 September 2014, upon completion of the acquisition of 33% interest in Beijing Weike and its 90%-owned subsidiary, Open Union (collectively referred as to the "Beijing Weike Group"), which are engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service, through the Structured Agreements (as defined below) with 上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Company Limited, "Shanghai Yongle", its English translation is for identification purpose only), at an aggregated cash consideration of RMB156,000,000 (equivalent to approximately HK$196,076,000) (the "Beijing Weike JV Transaction"), Beijing Weike is classified as a joint venture of the Group and accounted for in the Group's consolidated financial statements under the equity method. Details of the Beijing Weike JV Transaction are set out in the Company's circular dated 1 September 2014.

On 15 October 2014, Beijing Weike, the shareholder of Beijing Weike, Shanghai Yongle, the shareholders of Shanghai Yongle (the "Shanghai Yongle Shareholders") and 深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited, "Shenzhen Yongle", its English translation is for identification purpose only), an indirect wholly owned subsidiary of the Company, also entered into an option framework agreement on the proposed exercise of the call option to acquire the remaining 67% interest in Beijing Weike by Shanghai Yongle (the "Beijing Weike Acquisition"). Upon completion of the Beijing Weike Acquisition on 27 January 2015, Shenzhen Yongle, through Shanghai Yongle, acquired the remaining 67% interest in Beijing Weike at an aggregated consideration of RMB312,000,000 (equivalent to approximately HK$392,152,000) which was settled by cash. Upon completion of the Beijing Weike Acquisition, Shenzhen Yongle, through Shanghai Yongle, enjoys 100% interest in Beijing Weike and Beijing Weike is classified as a subsidiary of the Group. Details of the Beijing Weike Acquisition are set out in the Company's circular dated 29 December 2014.

To facilitate the Beijing Weike JV Transaction and the Beijing Weike Acquisition, the Group's indirect wholly owned subsidiary, Shenzhen Yongle entered into a series of structured agreements (the "Structured Agreements") with Shanghai Yongle (which acquired 33% equity interests of Beijing Weike under the Beijing Weike JV Transaction and further acquired the remaining 67% equity interests in Beijing Weike under the Beijing Weike Acquisition), and the Shanghai Yongle Shareholders which enables Shenzhen Yongle to: (i) exercise effective financial and operational control over Shanghai Yongle; (ii) exercise the entire owners' voting rights of Shanghai Yongle; (iii) receive and be exposed to substantially all of the economic interest returns generated by Shanghai Yongle; (iv) have an irrevocable option to purchase the entire equity interest in Shanghai Yongle when and to the extent permitted under the PRC laws; and (v) obtain pledges over the entire equity interest of Shanghai Yongle from the Shanghai Yongle Shareholders.

A summary of the information of Shenzhen Yongle, Shanghai Yongle, the Shanghai Yongle Shareholders, Beijing Weike, Open Union and the Structured Agreements is set out below.

1.1 Particulars of Shenzhen Yongle, Shanghai Yongle, the Shanghai Yongle Shareholders, Beijing Weikie and Open Union

Shenzhen Yongle, a wholly-foreign-owned enterprise established in the PRC, is an indirect wholly owned subsidiary of the Company. The business scope of Shenzhen Yongle includes (i) development and provision of consultancy of computer hardware and software and network technology; (ii) provision of relevant technological services in respect of marketing promotion of bank cards and payment platform related products; and (iii) provision of consultancy of economic information.

Shanghai Yongle is a company established in the PRC with limited liability in accordance with the instruction of the Company for the investment in Open Union by the Group as contemplated under the Framework Agreement. The business scope of Shanghai Yongle includes provision of relevant technology development, technological services, technological consultation, technology transfer, software development and sales, graphic design, integration of computer system, sales and lease of hardware, consumable resources and office equipment (except finance lease) and network technology (excluding technology intermediary) within the scope of information technology (where the projects which require approval under laws shall only commence operating activities after the grant of approval by the relevant authority). Mr. Lin Xiaofeng ("Mr. Lin") and Mr. Wu Mianqing ("Mr. Wu") are the Shanghai Yongle Shareholders who owns 90% and 10% of the equity interests in Shanghai Yongle respectively. Mr. Lin and Mr. Wu are both the employees of the Company.

Beijing Weike is a company established in the PRC with limited liability and is wholly owned by Shanghai Yongle as at the date of this annual report. The principal businesses of Beijing Weike are research and development and provision of internet technology for e-commerce and mobile payment system such as prepaid cards. Open Union, which is owned by Beijing Weike as to 90% equity interests as at the date of this annual report, is a company established in the PRC with limited liability and is principally engaged in prepaid card business and internet payment services in the PRC.

1.2 Description of the business of the Beijing Weike Group

A substantial portion of revenue and profit of the Beijing Weike Group was derived from its prepaid card business. The Beijing Weike Group generates revenue via its prepaid card business by (i) charging card issuance service fee at 1.0% of the total prepaid amount (according to iResearch, other prepaid card companies may charge an issuance fee at a rate ranging from 1% to 3% with a cap of RMB15 whereas debit cards may charge an issuance fee of RMB5 and no issuance is required for credit cards. Meanwhile, debit cards and credit cards may charge for annual fees which has a wide range); (ii) charging merchant services fees at a percentage (ranging from 0.5% to 1.0%) of transaction amount to merchants (such as supermarkets and chain-stores) who accept the prepaid cards issued by the Beijing Weike Group and use the POS system supplied by the Beijing Weike Group in the settlement process (according to iResearch, merchant fee of other prepaid card companies may be charged at a rate ranging from 0.65% to 1.50% whereas merchant fee for debit cards and credit cards is charged at a rate ranging from 0.8% to 1.25%); (iii) receiving interest income arising from the deposit of cardholders; and (iv) receiving commission income by selling goods on behalf of merchants at the card centres of Open Union.

1.3 Summary of the major terms of the Structured Agreements

The Structured Agreements have been entered into among the parties to facilitate the contractual arrangement among, Shenzhen Yongle, Shanghai Yongle, Beijing Weike and Open Union for the Beijing Weike JV Transaction and the Beijing Weike Acquisition. Through the Structured Agreements, the Group is able to exercise full and effective control over the finance and operation of Shanghai Yongle and in effect obtain the entire economic interest and benefits in Shanghai Yongle.

Shenzhen Yongle and Shanghai Yongle entered into certain loan agreements (the "Loan Agreements") in order to facilitate the acquisition of equity interests in Beijing Weike by providing capital to Shanghai Yongle from Shenzhen Yongle.

The Structured Agreements include (i) the Business Cooperation Agreement; (ii) the Technical Consultation and Services Agreement; (iii) the Pledge Agreements; (iv) the Share Disposal Agreements; (v) the Voting Rights Proxy Agreements; and (vi) the Spouse Consent entered into by the relevant parties on the completion of the Framework Agreement. A summary of the principal terms of the Structured Agreements is set out below:

A. Business Cooperation Agreement

Parties:	(i) Shenzhen Yongle; and (ii) Shanghai Yongle.
Services:	Pursuant to the Business Cooperation Agreement, Shanghai Yongle will appoint Shenzhen Yongle as its exclusive service provider to provide complete technical support, business support and related consulting services during the term of the Business Cooperation Agreement in accordance with its terms and conditions, which may include all necessary services within the scope of Shanghai Yongle's business as may be determined from time to time by Shanghai Yongle and consented by Shenzhen Yongle, such as technical services, business consultations, equipment or property leasing, marketing consultancy, system integration, product research and development, system maintenance and assisting Shanghai Yongle to provide necessary services to Beijing Weike and Open Union.
Fees:	Details of the services to be provided by Shenzhen Yongle to Shanghai Yongle, the service fees and the payment terms are set out in the Technical Consultation and Services Agreement.
Term:	The Business Cooperation Agreement shall take effect from the date of its execution and shall maintain effective unless it is terminated by Shenzhen Yongle by giving 30 days' prior written notice to Shanghai Yongle or is required to be terminated under applicable laws and regulations of the PRC.

B. Technical Consultation and Services Agreement

Parties:	(i) Shenzhen Yongle; and (ii) Shanghai Yongle.
Services:	Pursuant to the Technical Consultation and Services Agreement, Shenzhen Yongle will be the exclusive consultation and service provider of Shanghai Yongle and shall provide consultation and services to Shanghai Yongle in the areas of funding, human resources, technology and intellectual properties and shall assist Shanghai Yongle in providing aforesaid services to Beijing Weike and Open Union, and Shanghai Yongle shall accept such consultation and services in accordance with the terms and conditions under the Technical Consultation and Services Agreement. The consultation and services to be provided by Shenzhen Yongle include (i) research and development of the relevant software and technology according to the needs of Shanghai Yongle's business and shall grant Shanghai Yongle the right to use the relevant software and technology; (ii) development, design, monitoring, testing and troubleshooting of the computer network equipment and website(s) of Shanghai Yongle; (iii) providing training and technical support to the staff of Shanghai Yongle; (iv) providing consultation services regarding the marketing of Shanghai Yongle; and (v) assisting Shanghai Yongle in providing the services as required by Beijing Weike and Open Union.

Fees: Shanghai Yongle shall pay an annual service fees of RMB1 million to Shenzhen Yongle for the technical consultation services under the Technical Consultation and Services Agreement. Such fees will be payable on quarterly basis and shall be settled within 15 business days after the beginning of the relevant quarter. Nevertheless, in the event that Shanghai Yongle does not have sufficient working capital to settle the service fees, Shanghai Yongle has the right not to settle such fees.

Apart from the abovementioned annual service fees, Shanghai Yongle shall also, based on the actual amount of technical consultation and services provided by Shenzhen Yongle under the Technical Consultation and Services Agreement in the relevant quarter, pay a quarterly floating service fee to Shenzhen Yongle. Such floating fees shall be in the amount equivalent to the net income of Shanghai Yongle in the relevant quarter, including but not limited to, its revenue and all of the dividends derived from its interests in Beijing Weike in each quarter (provided that when Shanghai Yongle repays the loan amount to Shenzhen Yongle under the Loan Agreements), only 50% of the dividends derived from its interests in Beijing Weike will be used to settle the service fees) or to be determined after taking into account, among other things, the number and qualification of the staff deployed to provide services and the time spent to provide the services for the relevant quarter.

Term: The Technical Consultation and Services Agreement shall be effective perpetually from the date of its execution until Shenzhen Yongle agrees in writing to its termination.

C. Pledge Agreements

Parties:

(i) Shenzhen Yongle (as pledgee);

(ii) the Shanghai Yongle Shareholders (each of them has entered into this Pledge Agreement separately) (as pledgor); and

(iii) Shanghai Yongle.

Pledge: Pursuant to the Pledge Agreements, each of the Shanghai Yongle Shareholders will pledge to Shenzhen Yongle his respective equity interests in Shanghai Yongle (the “Equity Interests”) as security for (A) the full performance by the Shanghai Yongle Shareholders and Shanghai Yongle of their obligations under the Structured Agreements and the timely and full payment of fees payable to Shenzhen Yongle under the Structured Agreements (including but not limited to the consultation and service fees); and (B) the full performance by Shanghai Yongle of its obligations under the Loan Agreements and the timely and full repayment of loans to Shenzhen Yongle under the Loan Agreements.

The pledge shall take effect from the date of registration of the same with the relevant Industrial and Commercial Administration Bureau in the PRC and shall remain effective until the abovementioned registration is discharged or released. The parties agree that within three business days following the execution of the Pledge Agreements, the Shanghai Yongle Shareholders and Shanghai Yongle shall register the pledge in the shareholders’ register of Shanghai Yongle.

Prior to the full payment of the consultation and service fees under the Structured Agreements or full repayment of loans under the Loan Agreements, the Shanghai Yongle Shareholders shall not assign the Equity Interests without the prior written consent of Shenzhen Yongle.

Termination: If (i) the Structured Agreements (other than the Pledge Agreements) and the Loan Agreements are terminated in accordance with their respective terms; (ii) Shanghai Yongle shall no longer be held responsible for any obligations under the Structured Agreements and the Loan Agreements; and (iii) Shenzhen Yongle agrees in writing to terminate the Pledge Agreements, the Pledge Agreements shall be terminated and Shenzhen Yongle shall then release the equity pledge under the Pledge Agreements as soon as reasonably practicable.

Undertakings: The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that:

(i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to ordinary and usual business) and shall not incur, inherit, provide guarantee for, or allow the existence of, any liability;

(ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the operating conditions and asset value of Shanghai Yongle; and

(iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party.

D. Share Disposal Agreements

Parties:

(i) Shenzhen Yongle;

(ii) the Shanghai Yongle Shareholders (each of them will enter into this Share Disposal Agreement separately); and

(iii) Shanghai Yongle.

Option: In consideration of the payment of RMB1 by Shenzhen Yongle, the Shanghai Yongle Shareholders irrevocably agree that on the condition that it is permitted by the PRC laws, Shenzhen Yongle has the right to require the Shanghai Yongle Shareholders to fulfill and complete all approval and registration procedures as required under PRC laws so as to allow Shenzhen Yongle to purchase, or designate one or more persons (each, a “Designee”) to purchase, the entire equity interests of the Shanghai Yongle Shareholders in Shanghai Yongle or any part thereof, at one or multiple time(s) at any time at Shenzhen Yongle’s sole and absolute discretion and at the lowest price as permitted by the laws of PRC at the relevant time (such right being the “Equity Interest Purchase Option”). Shenzhen Yongle’s Equity Interest Purchase Option shall be exclusive. Shanghai Yongle agrees to the grant by the Shanghai Yongle Shareholders of the Equity Interest Purchase Option to Shenzhen Yongle.

Without the prior written consent of Shenzhen Yongle, the Shanghai Yongle Shareholders shall not assign or delegate its rights and obligations under the Share Disposal Agreements.

Term: The Share Disposal Agreements shall take effect from the date of its execution and shall remain effective until all the equity interests in Shanghai Yongle owned by the Shanghai Yongle Shareholders have been legally transferred to Shenzhen Yongle or the Designee(s) in accordance with the terms of the Share Disposal Agreements.

Undertakings: The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that:

(i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to ordinary and usual business) and shall not incur, inherit, provide guarantee for or allow the existence of, any liability;

(ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the business operations and asset value of Shanghai Yongle; and

(iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party.

E. Voting Rights Proxy Agreements

Parties:

(i) The Shanghai Yongle Shareholders (each of them will enter into this Voting Rights Proxy Agreement separately) (as entrusting party);

(ii) Shenzhen Yongle; and

(iii) Shanghai Yongle.

Proxy of voting rights: Pursuant to the Voting Rights Proxy Agreements, Shenzhen Yongle (or its designee, which can be a director or his/her successor of the direct or indirect shareholder of Shenzhen Yongle (including a liquidator replacing such director and his/her successor)) will have the power to, inter alia, exercise all shareholder's voting rights with respect to all matters to be discussed and voted in the shareholders' meeting of Shanghai Yongle, including but not limited to designation and appointment of, among others, the director, the chief executive officer and other senior management members of Shanghai Yongle, and execution of all necessary documents to be signed by the Shanghai Yongle Shareholders, minutes of Shanghai Yongle and any documents for registration to be lodged with relevant authority for and on behalf of the Shanghai Yongle Shareholders.

Term: The Voting Rights Proxy Agreements shall be effective perpetually from the date of its execution until Shenzhen Yongle agrees in writing to its termination.

Undertakings:	The Shanghai Yongle Shareholders and Shanghai Yongle undertake to Shenzhen Yongle, among other things, that: (i) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not commence any operation activities (including but not limited to those ordinary and usual business) and shall not incur, inherit, provide guarantee for, or allow the existence of, any liability; (ii) they shall maintain the asset value of Shanghai Yongle and shall not conduct any act or omission which will affect the operating conditions and asset value of Shanghai Yongle; and (iii) unless with the prior written consent of Shenzhen Yongle, Shanghai Yongle shall not enter into any agreement with other party

F. Spouse Consent

Parties:	The spouse of Mr. Lin
Particulars:	Pursuant to the Spouse Consent, the spouse of Mr. Lin shall, inter alia, (i) confirms that she does not have any interests in the equity interests in Shanghai Yongle and undertakes not to make any claim in relation to the interests in Shanghai Yongle; (ii) confirms that the Pledge Agreement, the Share Disposal Agreement and the Voting Rights Proxy Agreement entered into by Mr. Lin and any amendment or termination of such documents do not require her consent; (iii) undertakes to sign all the necessary documentation and do all necessary acts to ensure the proper performance of the aforesaid documents; and (iv) undertakes that if she is, due to whatsoever reason, entitled to any equity interests in Shanghai Yongle, she will be bound by the obligations as its shareholder under those documents (as amended from time to time), and to notify Shenzhen Yongle immediately of any breach of such documents or any material change of Shanghai Yongle and to assist Shenzhen Yongle in protecting its legitimate rights and obligations under those documents.

Further details of the Structured Agreements are set out in the Company's circulars dated 1 September 2014 and 29 December 2014.

2. Revenue and assets subject to the Structured Agreements

The revenue attributable to Shanghai Yongle (i.e. the Structured Agreements) amounted to approximately RMB6,021,000 (equivalent to approximately HK$7,584,000) for the year ended 31 March 2015. The total assets and net assets attributable to Shanghai Yongle (i.e. the Structured Agreements) amounted to approximately RMB1,156,029,000 (equivalent to approximately HK$1,460,998,000) and RMB474,950,000 (equivalent to approximately HK$600,245,000) as at 31 March 2015.

3. Reasons for using Structured Agreements

Open Union is engaged in the issuance and acceptance of prepaid cards and internet payment services in the PRC and it possesses a licence which allows it to issue and accept prepaid cards within the PRC on a nationwide basis. The payment service business currently engaged by Open Union is subject to regulations in accordance with, among others, the "Administrative Measures Relating to Payment Services by Non-financial Institutions (非金融機構支付服務管理辦法)" (hereinafter referred to as the "Payment Service Measures") promulgated by the PBOC. The Payment Service Measures stipulates that non-financial institutions must not engage in the provision of payment services (such as online payments, the issue and acceptance of prepaid cards, and POS systems) without first obtaining an approval and a payment service licence from the PBOC. In accordance with Article 9 of the Payment Service Measures, regulations and rules addressing the scope of business and ownership restrictions for foreign investment in non-financial institutions engaged in payment services shall be separately stipulated by the PBOC and approved by the State Council of the PRC. As at the Latest Practicable Date, the PBOC has not yet stipulated any relevant rules and regulations nor granted any payment service licence to any foreign invested enterprise intending to be engaged in the provision of prepaid card business and internet payment services.

Moreover, according to the Guidance of Foreign Enterprise Investments (2011 Amended) the internet payment service provided by Open Union is a type of value-added telecommunications business where foreign investment is restricted. According to the Administrative Provisions on Foreign-Invested Telecommunications Enterprises, the foreign investor of a foreign-invested telecommunications services provider needs to demonstrate a good track record and experience in providing value-added telecommunications services. Based on the consultation with the Ministry of Industry and Information Technology of the PRC (the "MIIT") by the PRC Legal Adviser, it is understood that if the nature or substance of business run by a foreign enterprise is the same or similar to the value-added services in the telecommunications industry as described in 電信業務分類目錄 ("Category of Telecommunications Businesses") of the PRC, such foreign enterprise can be deemed to have the required operating track records and operating experience in value-added telecommunications industry. Since the Group has been conducting business of card acceptance using public telecommunications networks in Thailand, the PRC Legal Adviser considers that the industry experience requirements of the MIIT should be satisfied.

After consultation with the PBOC, the Company was advised by the PRC Legal Adviser that since no relevant administrative measures have been promulgated by the State Council of the PRC, the PBOC normally does not accept any application for foreign direct investment in (i) a PRC company holding a payment service licence (which allows the holder to engage in internet payment and issuance and acceptance of prepaid card businesses); and (ii) the parent company of such licensed company (irrespective of the proportion of interests to be invested). Therefore, the PRC Legal Adviser considers that the PBOC currently does not allow foreign investors to invest in the internet payment business either directly or indirectly and irrespective of the proportion of such investment. Thus, it is not possible for the Group to participate in prepaid card business and internet payment services in the PRC through direct or indirect acquisition of the equity interests in Open Union and the most feasible way in achieving this is to provide capital to Shanghai Yongle by way of loans to facilitate its acquisition of Beijing Weike, which holds 90% of the equity interests in Open Union, and to obtain effective control over and the rights to enjoy the economic benefits in the assets of Beijing Weike, including 90% of the equity interests in Open Union through the Structured Agreements and other arrangements under the New Framework Agreement.

Thus, on 9 July 2014, Shenzhen Yongle and other parties entered into the Framework Agreement in order to participate in the businesses of prepaid cards and internet payment services in the PRC. On 18 September 2014, ordinary resolution to approve the Framework Agreement and the transactions contemplated thereunder was passed at the extraordinary general meeting. On 23 September 2014, all the conditions precedent to the Framework Agreement had been fulfilled and the completion of the Framework Agreement (the "Framework Completion") took place. Upon the Framework Completion, relevant parties entered into the Structured Agreements and other relevant documents such that the Group can exercise effective control over the rights to enjoy the economic benefits in the assets of Beijing Weike (including 90% of the interests in Open Union). Under the Beijing Weike JV Transaction, Shanghai Yongle holds 33% of the interests in Beijing Weike, which in turn owns 90% of the interests in Open Union, and these arrangements between Shenzhen Yongle and Shanghai Yongle enable Shenzhen Yongle to receive the entire economic benefits of Shanghai Yongle, that is equivalent to an effective interest of 29.7% economic benefits of Open Union. This structure (i.e. the Beijing Weike JV Transaction and the Beijing Weike Acquisition) also allows the Company to conduct the transactions with Open Union in two stages so as to reduce its risk exposure. Under such approach, the Company is not required to pay the entire consideration (in terms of the aggregate loan amounts under the Loan Agreements) in one lump sum and the Company is allowed to access and review all the information of Open Union. Furthermore, the Company is allowed to assign designated representative to get involved in daily managerial and operational activities of Open Union upon completion of the first stage of acquisition, which would facilitate the Company to have certain degree of control and monitoring. Besides, at the time of entering into the Framework Agreement, the Company did not possess sufficient financial resources and human resources to acquire and exercise majority control over Beijing Weike and Open Union. After the Framework Agreement was entered into, the Group has been recruiting industry professionals and other talents to assist the management to monitor the operations and implement business strategies and plans whilst the Company has conducted certain fund raising activities to strengthen its financial position and cashflow.

4. Risks relating to the Structured Agreements

The PRC government may determine that the Structured Agreements and the Loan Agreements do not comply with the applicable laws and regulations

The PRC Legal Adviser is of the opinion that the Structured Agreements and the Loan Agreements do not violate the mandatory laws and regulations in the PRC and are not considered to be in violation of Article 52 of the PRC Contract Law, which renders void any contracts deemed to be "concealing illegal intentions with a lawful form", and the related rules of the General Principle of Civil Law of the PRC, and therefore they are valid, binding and enforceable among relevant parties. However, the PRC Legal Adviser is also of the view that there can be no assurance that the Structured Agreements and the Loan Agreements will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the Structured Agreements and the Loan Agreements will be deemed to be in compliance of the PRC laws and regulations. In particular, any future acquisition of rights, benefits or assets of or equity interests in Open Union pursuant to the Structured Agreements and the Loan Agreements will be subject to the laws and regulations then applicable.

The Structured Agreements may not be as effective as direct ownership in providing control over Open Union

The Group relies on Structured Agreements with Shanghai Yongle to operate the prepaid card business and internet payment services of Open Union (i.e. value-added telecommunications service) in the PRC. These Structured Agreements may not be as effective in providing the Group with control over Open Union as direct ownership in rare circumstance. If the Group had direct ownership of Open Union, the Group would be able to deal with the equity interests in and the assets of Open Union in winding up situation rather than acquiring such assets by exercising its exclusive acquisition right which are subject to the approval of the PBOC.

The Shanghai Yongle Shareholders may potentially have a conflict of interests with the Group

The Group's control over Open Union is based on the contractual arrangement under the Structured Agreements and the Loan Agreements with, among others, Shanghai Yongle. Therefore, conflict of interests of the Shanghai Yongle Shareholders will adversely affect the interests of the Company. Since the Shanghai Yongle Shareholders are employees of the Company, they are required to follow instructions of the Company. However, there is no absolute certainty that the Shanghai Yongle Shareholders will act in favour of the Group at all times and the Group may suffer from any potential conflict of interests.

The Structured Agreements under the Framework Agreement may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the Structured Agreements, the Loan Agreements, the agreements in relation to the exclusive acquisition rights of the Company to acquire Open Union were not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust our income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of Shanghai Yongle, and this could further result in late payment fees and other penalties to Shanghai Yongle for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

The Company does not have any insurance which covers the risks relating to the Framework Agreement and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the Framework Agreement and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the Framework Agreement in the future, such as those affecting the enforceability of the Structured Agreements and the relevant agreements for the transactions contemplated thereunder and the operation of Shanghai Yongle, Beijing Weike and Open Union, the results of the Group may be adversely affected.

Certain provisions in the Structured Agreements and the Loan Agreements may not be enforceable under PRC laws

The Structured Agreements and the Loan Agreements contain a provision for resolving disputes by arbitration at South China International Economic and Trade Arbitration Commission, Shenzhen in accordance with its then prevailing arbitration rules. The Structured Agreements and the Loan Agreements include a clause in relation to dispute resolution among the parties where upon request by a disputing party, the courts in the PRC, Hong Kong and Cayman Islands shall have the power to grant interim remedies, such as withholding or freezing of the assets or on the equity interests of the party in breach. Upon the coming into effect of the relevant arbitral award, any party shall have the right to apply to the courts in the abovementioned jurisdictions for execution of such award.

However, due to restrictions of the PRC laws, the PRC Legal Adviser is of the view that, even though the Structured Agreements and the Loan Agreements provide that overseas courts (i.e. courts in Hong Kong and the Cayman Islands) shall have the power to grant interim remedies, such interim remedies (even if so granted by courts in Hong Kong or the Cayman Islands in favour of an aggrieved party) may not be recognised or enforced by the PRC courts. As a result, in the event that Shanghai Yongle or any of the Shanghai Yongle Shareholders breaches the terms of the Structured Agreements and the Loan Agreements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over Shanghai Yongle, Beijing Weike and Open Union could be materially and adversely affected.

The Company may incur substantial costs when the ownership of Shanghai Yongle is transferred to Shenzhen Yongle

The Group does not currently hold any equity interest in Shanghai Yongle and the Group (through Shenzhen Yongle) maintains effective control over Shanghai Yongle under the Structured Agreements. Pursuant to the Company's undertaking in relation to the contractual arrangement under the Framework Agreement and the terms of the Framework Agreement and the Structured Agreements, the Company will unwind the Structured Agreements and the Loan Agreements and procure Shenzhen Yongle to acquire the equity interests of Shanghai Yongle as soon as the relevant foreign investment restrictions in the PRC no longer exist. As a result, the exact time for such acquisition is uncertain and it is possible that such acquisition may be subject to substantial costs which may materially affect the financial positions and results of the Company.

5. Material change

Save as disclosed above, as at the date of this annual report, there is no material change in the Structured Agreements and/or the circumstances under which they were adopted.

6. Unwinding of Structured Agreements

The Company has undertaken to unwind the Structured Agreements as soon as the relevant foreign investment restrictions in the PRC no longer exist such that the Company is allowed to hold interests in Open Union directly or indirectly.

However, as at the date of this annual report, there is no unwinding of any of the Structured Agreements or failure to unwind when the restrictions that led to the adoption of the Structured Agreements are removed.

DIRECTORS

Executive Directors

Mr. Zhang Huaqiao ("Mr. Zhang"), aged 52, was appointed as the non-executive director and the chairman of the Company in September 2012 and March 2014 respectively and was re-designated as an executive Director of the Company with effect from 13 May 2015. He worked at the Equities Department of UBS AG, Hong Kong Branch from June 1999 to April 2006 with last capacity as the co-head of its China research team. From May 2006 to September 2008, Mr. Zhang served as an executive director of Shenzhen Investment Limited, a company listed on the Main Board of the Stock Exchange. From September 2008 to June 2011, Mr. Zhang worked with UBS AG, Hong Kong with last capacity as the deputy head of China Investment Banking Department. Mr. Zhang then was and an executive director and chief executive officer of Man Sang International Limited, a company listed on the Main Board of the Stock Exchange, between September 2011 and April 2012.

Currently, Mr. Zhang is an independent non-executive director of Fosun International Limited, Zhong An Real Estate Limited, China Huirong Financial Holdings Limited, Logan Property Holdings Company Limited, Luye Pharma Group Limited, Wanda Hotel Development Company Limited and Sinopec Oilfield Service Corporation and a non-executive director of Boer Power Holdings Limited, and the shares of the eight companies are listed on the Main Board of the Stock Exchange. He was appointed as a director of Nanjing Central Emporium (Group) Stocks Co., Ltd. in March 2013, a company whose shares are listed on the Shanghai Stock Exchange. He resigned from it in June 2015. He was an independent non-executive director of Fuguiniao Co. Ltd., a company whose shares are listed on the Stock Exchange, between May 2013 and June 2014. He was an independent non-executive director of Borel Holdings Limited, a company whose shares are listed on the Stock Exchange, from the period between June 2014 and November 2014. In April 2014, Mr. Zhang was appointed as an executive director of Yancoal Australia Limited (ASX: YAL), a company whose shares are listed on the stock exchange in Australia. In June 2015, Mr. Zhang was resigned as a executive director of Nanjing Central Emporium Stocks Co., Limited, a company listed on the Shanghai Stock Exchange.

Mr. Zhang obtained a master's degree in economics from the Financial Research Institute of the People's Bank of China in 1986 and a master's degree of economics of development from the Australian National University in 1991.

Dr. Cao Guoqi ("Dr. Cao"), aged 51, was appointed as an executive director of the Company in September 2013. Dr. Cao has a Ph.D. in Economics and graduated from the Shanghai University of Finance and Economics, the University of Hong Kong, and the Shanghai Academy of Social Sciences. He has over 20 years of experience in project financing and investment, finance, fund investment and management, mergers and acquisitions, and corporate advisory. Dr. Cao is the executive director and general manager of Probest Limited and Master Energy Inc. He is also the deputy president of Asian Economics Research Institute at Shanghai University of Finance and Economics, an EMBA professor of Hunan University, a MBA supervisor at Advanced Institute of Finance of Shanghai Jiaotong University, and a research fellow at Shanghai Institute of Development Strategy. Currently, he acts as an independent director of Inner Mongolia Jinyu Group Co., Ltd., whose shares are listed on the Shanghai Stock Exchange, an independent non-executive director of Shanghai Jiaoda Withub Information Industrial Co Ltd., whose shares are listed on GEM, and an independent non-executive director of Dongwu Cement International Ltd., whose shares are listed on the Main Board of the Stock Exchange. From April 2014, he takes the position as the Chairman of SBI China Capital Group.

Dr. Cao was a probationary Economist in the International Currency Department of the Economic and Financial Affairs Councils, European Communities, as well as a Project Coordinator of the World Bank. From 1998 to 1999, he also acted as a CEO of Sui Chong Holdings Limited, whose shares were listed on the Main Board of the Stock Exchange. He co-founded Shanghai Jingcheng Internet Consulting Co. Ltd. with Shanghai Jiaotong University, and was elected as Chairman and CEO. In the early 2000s, Dr. Cao acted as the director and CEO of Shanghai Lingang New City Investment and Development Group Co., Ltd., and was in charge of the development of the Yangshan Deep Water Port and Lingang New City. He was also a director of Donghai Bridge Project Construction Co. Ltd., which built Donghai Bridge, the longest cross-sea bridges in the world with 32-kilometre cross-sea portion distance.

Mr. Fung Weichang ("Mr. Fung"), aged 66, was appointed as an executive director and chief executive officer of the Company in September 2013 and November 2013 respectively. He obtained a master degree in business administration from the Santa Clara University in California in the United States in 1976. Mr. Fung had worked for MasterCard International from October 1992 to December 2008 and his last position was executive vice president and general manager of the Greater China region for MasterCard International, Asia Pacific Region. From January 2009 to December 2010, Mr. Fung was the senior consultant of MasterCard International, Asia Pacific Region. Prior to joining the Company, Mr. Fung worked with couple friends to set up an mobile payment company in China and was the Chairman of that company for 2 years.

Mr. Xiong Wensen ("Mr. Xiong"), aged 47, was appointed as an executive director and president of the Company in June 2014. He obtained a bachelor's degree in engineering (Computer Science and Technology) from Tsinghua University in July 1990 and a master's degree in business administration from Cheung Kong Graduate School of Business in December 2004. Mr. Xiong joined China Merchants Bank from 1990 as the programmer of the computer department at the head office and the deputy general manager until 2003. He was the deputy general manager of 上海銀商資訊有限公司 (China Union Loyalty Co. Ltd.*) from September 2006 to August 2007; and the president of 開聯信息技術有限公司 (Open Union Information Technology Co. Ltd.*) from October 2007 to October 2008 respectively. From October 2008 and up to May 2014, Mr. Xiong had been the vice president and the senior vice president, and the director of 通聯支付網絡服務股份有限公司 (Allinpay Network Service Co., Ltd.*).

Mr. Song Xiangping ("Mr. Song"), aged 51, was appointed as an executive director of the Company in January 2015. He graduated from the Faculty of Electrification of 武漢鋼鐵學院 (Wuhan Institute of Iron and Steel Engineering*) in November 1983. He also obtained a degree of executive master of business administration from Cheung Kong Graduate School of Business in September 2013. Mr. Song joined the Industrial and Commercial Bank of China as engineering in November 1992. From October 2004 to June 2006, Mr. Song was the deputy general manager of the marketing department and the Hong Kong Branch of 上海銀商資訊有限公司 (China Union Loyalty Co. Ltd.*) and was promoted to the general manager of its Beijing and Hong Kong Branches from July 2006 to December 2007. From December 2007 to November 2010, Mr. Song joined 開聯信息技術有限公司 (Open Union Information Technology Co. Ltd.*) as the executive vice president and the general manager of the prepaid card business department. Since November 2010, Mr. Song has been the director and the president of Open Union, which is 90% owned by Beijing Weike. The Group has obtained effective control over Beijing Weike under the Control Agreements (as defined and detailed in the Company's circular dated 1 September 2014).

Mr. Cheng Nga Ming Vincent ("Mr. Cheng"), aged 44, was appointed as an executive director of the Company in March 2011. He is the chairman of the compliance committee of the Company. He graduated from California State University, Sacramento with major in finance.

Independent Non-executive Directors

Mr. Wang Yiming ("Mr. Wang"), aged 48, was appointed as an independent non-executive director of the Company in August 2013. Mr. Wang is a member of the Company's audit committee, remuneration committee, nomination committee, internal control committee and compliance committee. Mr. Wang holds a bachelor degree in electronic and a master degree in business administration from Shanghai Jiao Tong University. He was appointed as an executive director of Shanghai Jiaoda Withub Information Industrial Company Limited, a company listed on GEM, in September 2004. Mr. Wang was resigned as the chief executive officer and the executive director of Shanghai Jiaoda Withub Information Industrial Company Limited in June 2014. He is currently the general manager of 上海申廣科技發展有限公司 (Shanghai Shenguang Technology Development Ltd.*).

* *The English name is for identification only.*

Mr. Lu Dongcheng ("Mr. Lu"), aged 48, was appointed as an independent non-executive director of the Company in August 2013. Mr. Lu is the chairman of the Company's nomination committee and a member of the Company's audit committee, remuneration committee, nomination committee, internal control committee and compliance committee. Mr. Lu holds a Master degree of Business Administration from Yale University and a Doctor degree from Peking Medical University which has merged with Peking University. He was the partner of Infinity Group (Peking) Venture Capital Management Co., Ltd. during June 2008 to April 2011 and the chief executive officer of AnPing Capital Management Limited during May 2011 to April 2012. Mr. Lu is currently the chief executive officer of Suzhou Mountain View Equity Investment Management Co., Ltd. and the supervising partner of Mountain View Capital PE Funds. In May 2015, Mr. Lu was appointed as the managing partner of 北京重山遠志醫療健康基金 (Beijing Zhongshan Medical Health Fund*).

Dr. Yuan Shumin ("Dr. Yuan"), aged 66, was appointed as an independent non-executive director of the Company in May 2014. Dr. Yuan is the Company's compliance officer, the chairman of the Company's audit committee, remuneration committee and internal control committee, and a member of the Company's nomination committee and compliance committee. Dr. Yuan was a member of the Chinese Institute of Certified Public Accountants. He obtained a doctorate degree in Science (part-time doctorate program) in the School of Management from Fudan University in January 1998. Dr. Yuan was the supervisor of teaching department, the assistant supervisor and the assistant dean of the School of Accountancy in Shanghai University of Finance and Economics from 1993 to 2000; and the standing assistant dean of the School of Adult Education in Shanghai University of Finance and Economics from 2000 to 2005, Dr. Yuan has joined the School of Accountancy in Shanghai Finance University since September 2005 and had been the president of that School of Accountancy until 2013.

SENIOR MANAGEMENT

Mr. Lin Xiaofeng ("Mr. Lin"), aged 41, joined the Group in October 2013. He is the senior vice president of investment of the Company. Mr. Lin is an independent non-executive director of DX.com Holdings Limited; a non-executive director of China Singyes Solar Technologies Holdings Limited from April 2008 to June 2011; and an executive director of AUPU Group Holdings Company Limited ("AUPU") from August 2011 to September 2013 and has been redesignated as a non-executive director of AUPU since September 2013, the shares of all these companies are listed on the Main Board of the Stock Exchange. Mr. Lin has extensive experience in finance and venture capital investment.

Mr. Tan Zhihui ("Mr. Tan"), aged 38, joined the Group in January 2015. He is the vice president of the Company and is in charge of internet payment, cross-border payment and e-commerce business of the Company. He is the former head of strategic development for Universal Technologies Holdings Limited involving in the development of various projects including international card security, CAT payment, and credit card payment platform. Mr. Tan has more than 10 years' experience in internet payment and cross-border e-commerce.

Mr. Wei Hanyao ("Mr. Wei"), aged 46, joined the Group in April 2014. He is the assistant president of the Company. He was the former assistant director and deputy director at Innovative Payment Department of All-in-Pay, and participated in the founding of Wanshang Pass, one of the earliest and largest prepaid acceptance network in China.

Mr. Tang Wai Leung ("Mr. Tang") aged 34, was appointed as the company secretary of the Company in February 2014. Mr. Tang holds a bachelor degree of Bachelor of Arts (Hons) in Accounting from the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Tang has over 9 years of experience in accounting and auditing.

CORPORATE GOVERNANCE CODE

The Board of the Company is committed to establish and maintain high standards of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code").

Throughout the year ended 31 March 2015, the Company has complied with all the code provisions in the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings as set out in Rules 5.46 to 5.67 of the GEM Listing Rules as the code of conduct regarding the Directors' securities transactions in securities of the Company. Having made specific enquiry of all Directors, the Company is not aware of any non-compliance with the required standard of dealings as set out in the adopted code of conduct regarding Directors' securities transactions from 1 April 2014 to 31 March 2015.

BOARD OF DIRECTORS

Board composition

As at the date of this annual report, the Board comprised the following six executive Directors, and three independent non-executive Directors:

Executive Directors:

Mr. Zhang Huaqiao (Chairman) (re-designated from a non-executive Director to an executive Director on 13 May 2015)
Dr. Cao Guoqi
Mr. Fung Weichang
Mr. Xiong Wensen (appointed on 3 June 2014)
Mr. Song Xiangping (appointed on 16 January 2015)
Mr. Cheng Nga Ming Vincent

Independent Non-executive Directors:

Mr. Wang Yiming
Mr. Lu Dongcheng
Dr. Yuan Shumin (appointed on 19 May 2014)

Biographical Details of Directors and Senior Management

The composition of the Board reflects the necessary balance of skills, experience and diversity of perspectives desirable for effective leadership of the Company and independence on decision thinking.

As at 31 March 2015, there were nine members in the Board comprising five executive Directors, one non-executive Director and three independent non-executive Directors ("INEDs"). The biographical details of the Directors are set out in the "Biographical Details of Directors and Senior Management" on page 22 to page 24 of this annual report. Their role and function are published on the Company's website and the Stock Exchange's website. Save as disclosed in this annual report, to the best knowledge of the Company, there is no other financial, business or family relationship among the Board members.

Board Meetings

During the year ended 31 March 2015, a total of 13 Board meetings, 1 annual general meeting and 3 extraordinary general meetings of the Company were held. The individual attendance record of each Director at such meetings is tabulated as follows:

	Attendance of meetings		
	Board meetings	Annual general meeting	Extraordinary general meetings
Executive Directors			
Dr. Cao Guoqi	13/13	1/1	1/3
Mr. Fung Weichang	13/13	1/1	1/3
Mr. Xiong Wensen (appointed on 3 June 2014)	12/13	1/1	1/3
Mr. Song Xiangping (appointed on 16 January 2015)	2/3	N/A	0/1
Mr. Cheng Nga Ming Vincent	2/13	1/1	2/3
Ms. Cheng Nga Yee (resigned on 25 July 2014)	1/1	N/A	1/1
Non-executive Director			
Mr. Zhang Huaqiao *(Chairman)* (re-designated to executive Director on 13 May 2015)	12/13	1/1	2/3
Independent Non-executive Directors			
Mr. Wang Yiming	10/13	0/1	1/3
Mr. Lu Dongcheng	9/13	0/1	1/3
Dr. Yuan Shumin (appointed on 19 May 2014)	10/13	1/1	0/2
Mr. Lee Kin Fai (resigned on 19 May 2014)	N/A	N/A	1/1

Responsibility and Delegation

The Company is governed by the Board, which is responsible for overseeing the overall strategy and development of the Company, as well as monitoring the internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategies and directions for the Group with a view to developing its business and enhancing the shareholders' value.

Major corporate matters that are specifically delegated by the Board to the management include the preparation of annual, interim and quarterly accounts for approval by the Board before publication, execution of business strategies and initiatives adopted by the Board, implementation of adequate internal control systems and risk management procedures, and compliance with relevant statutory requirements and rules and regulations.

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

The Board is also responsible for developing and reviewing the Group's policies and practices on corporate governance and reviewing and monitoring the training and continuous professional development of our Directors.

Independent Non-executive Directors

In compliance with Rules 5.05 (1), 5.05 (2) and 5.05A of the GEM Listing Rules, the Company has appointed sufficient number of INEDs with at least one of them having appropriate professional qualifications or accounting or related financial management expertise and that the number of INEDs must be at least one-third of the Board. The INEDs, together with the executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards and that appropriate systems are in place to protect the interest of the Company and its shareholders. The Company has received an annual confirmation of independence from each of the INEDs and considers that their independence is in compliance with the Rule 5.09 of the GEM Listing Rules as at the date of this report.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statues, laws, rules and regulations. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Records of continuous professional development were received from the Directors. All of them have attended seminars and/or read materials and update relating to the latest development of the GEM Listing Rules and other applicable regulatory requirements during the year ended 31 March 2015.

All Directors pursued continuous professional development and relevant details are set out below:

	Attending seminars/ conferences/forums	Reading journals/ updates/articles/ materials
Executive Directors:		
Dr. Cao Guoqi	√	√
Mr. Fung Weichang	√	√
Mr. Xiong Wensen	√	√
Mr. Song Xiangping	√	√
Mr. Cheng Nga Ming Vincent	–	–
Non-executive Director:		
Mr. Zhang Huaqiao	√	√
Independent non-executive Directors:		
Mr. Wang Yiming	√	√
Mr. Lu Dongcheng	√	√
Dr. Yuan Shumin	√	√

CHAIRMAN AND CHIEF EXECUTIVE

The code provision A.2.1 stipulates that the roles of the chairman of the Board (the "Chairman") and the chief executive officer (the "CEO") should be separate and should not be performed by the same individual, and that the division of responsibilities between the Chairman and the CEO should be clearly stated.

The Company fully supports this division of responsibilities between the Chairman and CEO in order to ensure a balance of power and authority. The positions of the Chairman and the CEO are segregated and are held by Mr. Zhang Huaqiao, a non-executive Director who was re-designated to an executive Director on 13 May 2015, and Mr. Fung Weichang, an executive Director, respectively. These positions have clearly defined separate responsibilities.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

All Directors are appointed for a specific term. All the executive Directors of the Company are engaged on a service contract/letter of appointment with the Company for a term of three years (except Mr. Cheng whose letter of appointment is for a term of one year).

Each of the non-executive Director and INEDs was appointed by a letter of appointment with the Company which is for a term of one year and a period of three years respectively, subject to re-election and other requirements under the Company's Articles of Association and their respective letters of appointment.

Besides, the procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. According to the Article 84 of the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Details for the re-election of Directors are set out in the "Directors' Report" of this annual report.

COMMITTEES

As part of the corporate governance practices, the Board has established an audit committee, a nomination committee, a remuneration committee, an internal control committee and a compliance committee. All of the committees are composed of INEDs (except the compliance committee which comprises all the three INEDs and Mr. Cheng) with terms of reference in accordance with the principles set out in the CG Code. The respective terms of reference of the audit committee, the nomination committee and the remuneration committee have been published on the Company's website and the Stock Exchange's website. The compositions of the various committees of the Company on 31 March 2015 were set out below:

Audit committee

The audit committee members of the Company are as follows:

Independent non-executive Directors		**Attendance at meetings**
Dr. Yuan Shumin *(Chairman)*	(appointed on 19 May 2014)	4/4
Mr. Wang Yiming		4/4
Mr. Lu Dongcheng		4/4
Mr. Lee Kin Fai *(Chairman)*	(resigned on 19 May 2014)	N/A

The audit committee shall be held at least every three months to consider, among others, the Company's budget, revised budget and quarterly, half-yearly and annual results prepared by the Board and the Company's internal control system. The audit committee held four meetings during the year. Details of the attendance by the members of the audit committee was set out above.

During the year ended 31 March 2015, the audit committee met with the external auditor to discuss the general scope of their audit work and reviewed the management representation letter. It also reviewed the quarterly, interim and annual financial statements and reports and discussed with external auditor on any significant or unusual items before submission to the Board, reviewed the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement and reviewed the adequacy and effectiveness of the Company's financial reporting system, internal control system and associated procedures. It also reviewed the training and continuous professional development of the Directors and the senior management and reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Nomination committee

The Company has established a nomination committee which considers and recommends to the Board suitably qualified persons to become the Company's Directors and is responsible for reviewing the structure, size and composition of the Board on a regular basis. The nomination committee members are as follows:

Independent non-executive Directors		**Attendance at meetings**
Mr. Lu Dongcheng *(Chairman)*		2/2
Mr. Wang Yiming		2/2
Dr. Yuan Shumin	(appointed on 19 May 2014)	1/2
Mr. Lee Kin Fai	(resigned on 19 May 2014)	N/A

The Board has adopted a board diversity policy which aims to set out the approach to achieve diversity on the Board. The Company continuously seek to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognises and embraces the benefits of having a diverse Board, which can be achieved through the consideration of a number of factors, including but not limited to talents, skills, regional and industry experience, background, gender and other qualities of the members of the Board. The nomination committee is responsible for identifying qualified candidates to become members of the Board. All appointment of members of the Board are based on merit and contribution that the selected candidates are likely to bring to the Board. The nomination committee will review the board diversity policy, as appropriate, to ensure its continuing effectiveness.

The meetings of the nomination committee shall be held not less than once a year. The nomination committee held 2 meetings during the year. Details of the attendance by the members of the nomination committee are set out above.

Remuneration committee

The Company has established a remuneration committee which make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee regularly monitors the remuneration of all of the Directors and senior management of the Group such that their remuneration is set at appropriate levels. The remuneration committee member are as follows:

Independent Non-executive Directors		**Attendance at meetings**
Dr. Yuan Shumin *(Chairman)*	(appointed on 19 May 2014)	1/2
Mr. Wang Yiming		2/2
Mr. Lu Dongcheng		2/2
Mr. Lee Kin Fai *(Chairman)*	(resigned on 19 May 2014)	N/A

The meetings of the remuneration committee shall be held not less than once a year. The remuneration committee held two meetings during the year. Details of the attendance by the members of the remuneration committee are set out above.

The remuneration committee has reviewed the current remuneration packages of the Board members. Details of the Directors' remuneration are set out in note 9 to the consolidated financial statements. Remuneration payable to member of senior management (including Directors) are fell within the following bands:

	Number
Nil to HK$1,000,000	10
HK$1,000,001 to HK$2,000,000	3
HK$2,000,001 or above	2
	15

Internal control committee

The Company has established an internal control committee to review the Group's internal control procedures on regular basis to ensure that proper and appropriate control in respect of the Group's finance, operations and human resources is in place. The internal control committee is also vested with the responsibility of reviewing and monitoring the training and continuous professional development of the Group's senior management.

The internal control committee members are as follows:

Independent Non-executive Directors		**Attendance at meetings**
Dr. Yuan Shumin *(Chairman)*	(appointed on 19 May 2014)	4/4
Mr. Wang Yiming		4/4
Mr. Lu Dongcheng		4/4
Mr. Lee Kin Fai *(Chairman)*	(resigned on 19 May 2014)	N/A

The meetings of the internal control committee shall be held quarterly. The internal control committee held three meetings during the year. Details of the attendance by the members of the internal control committee are set out above.

Compliance committee

The Company has established a compliance committee to ensure the Group's compliance of rules and regulations applicable to the Group and in particular the GEM Listing Rules, and to monitor the preference share structure arrangement of OCG Thailand as well as the Group's tax affairs. Further, the compliance committee is responsible for developing, reviewing and monitoring the code of conduct applicable to Directors and the Group's employees and reviewing the Company's compliance with the CG Code and the disclosure in the Company's Corporate Governance Report. The compliance committee will report directly to the Board on the compliance matters of the Group. It will also seek advice from the Company's legal advisers to be retained from time to time.

The compliance committee members are as follows:

Executive Director

Mr. Cheng Nga Ming Vincent *(Chairman)*
– a compliance officer of the Company

Independent Non-executive Directors

Dr. Yuan Shumin	(appointed on 19 May 2014)
Mr. Wang Yiming	
Mr. Lu Dongcheng	
Mr. Lee Kin Fai	(resigned on 19 May 2014)

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibilities for presenting a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. Management shall provide sufficient explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information presented before the Board for approval. Further, the Company also provides all members of the Board with monthly updates on the Group's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

The Board also acknowledges their responsibilities of the preparation of the consolidated financial statements of the Group and ensures that the financial statements are in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirement of the Hong Kong Companies Ordinance. The Board also ensures the timely publication of the financial statements of the Group.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt about the Company's ability to continue as a going concern. Accordingly, the Board will continue to prepare the consolidated financial statements on a going concern basis.

The statement of external auditor of the Company, Mazars CPA Limited, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report.

Internal control

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Group's assets against unauthorised use and disposal, and to protect the interests of shareholders of the Company. The Board assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system.

During the year, the Board, through the audit committee and internal control committee, assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls and risk management functions. The Board also reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

During the year, no major issue has been identified by the audit committee and the internal control committee of the Company. The Board is of the view that the internal control system is in place for the year and up to the date of this annual report, to safeguard the interests of the shareholders and the assets of the Group.

Auditor's remuneration

The auditor provide an objective assessment of the financial information presented by the management, and is considered one of the essential elements to ensure effective corporate governance. For the year ended 31 March 2015, the remuneration paid/payable to the auditor of the Company, Mazars CPA Limited, were set out below:

Nature of services	**Fees paid/payable** HK$'000
Audit service	700
Audit related service	
– Agreed-upon procedures on quarterly and interim results	108
– Professional services for the Possible Acquisition/Investment	1,000
Total	1,808

* The auditor's remuneration disclosed in note 8(d) to the consolidated financial statements included HK$108,000, which was paid to the statutory auditors of the overseas subsidiaries of the Company (not Mazars CPA Limited).

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and putting forward proposals at general meeting

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

Procedures for putting enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Office No. 15, 38th Floor, Hong Kong Plaza, 188 Connaught Road West, Hong Kong. The company secretary of the Company is responsible for forwarding communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions and inquiries, to the Directors of the Company.

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

COMPANY SECRETARY

The company secretary supports the Board and Board Committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The company secretary is appointed by the Board and reports to the Chairman. The company secretary also plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the GEM Listing Rules.

Mr. Tang Wai Leung ("Mr. Tang") is the company secretary of the Company. He is a full-time employee of the Company and undertook over 15 hours of relevant professional training to update his skills and knowledge during the year ended 31 March 2015.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investors.

The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports and notices, announcements and circulars. The corporate website of the Company (http://www.chinasmartpay.com) provides a communication platform to the public and the shareholders.

The Board of Directors is pleased to present its annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2015 to the shareholders.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 14 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group 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 consolidated financial statements which appear on page 43 to page 111 of this annual report.

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary on page 112 of this annual report. This summary does not form part of the audited consolidated financial statements.

SHARE CAPITAL

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

PRE-EMPTIVE RIGHTS

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

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

RESERVE

Details of movements in the reserves of the Company and the Group during the year are set out in note 29 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserve available for distribution to equity holders comprising share premium account less accumulated losses, amounted to approximately HK$485.91 million (2014: approximately HK$102.99 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015, the percentage of revenue and cost of goods sold/cost of services rendered attributable to the Group's major customers and suppliers are set out below:

Revenue	
– The largest customer	56%
– The total of five largest customers	74%
Cost of services rendered/cost of goods sold	
– The largest supplier	38%
– The total of five largest suppliers	99%

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

DIRECTORS

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

Executive Directors:

Mr. Zhang Huaqiao *(Chairman)*	(re-designated from a non-executive Director to an executive Director on 13 May 2015)
Dr. Cao Guoqi	
Mr. Fung Weichang	
Mr. Xiong Wensen	(appointed on 3 June 2014)
Mr. Song Xiangping	(appointed on 6 January 2015)
Mr. Cheng Nga Ming Vincent	
Ms. Cheng Nga Yee	(resigned on 25 July 2014)

Independent Non-executive Directors:

Mr. Wang Yiming	
Mr. Lu Dongcheng	
Dr. Yuan Shumin	(appointed on 19 May 2014)
Mr. Lee Kin Fai	(resigned on 19 May 2014)

In accordance with Article 84(1) of the Company's Articles of Association, Mr. Zhang Huaqiao, Mr. Lu Dongcheng and Mr. Wang Yiming shall retire from office at the forthcoming annual general meeting of the Company. Being eligible, Mr. Zhang Huaqiao will offer himself for re-election as an executive Directors and Mr. Lu Dongcheng and Mr. Wang Yiming will offer themselves for re-election as independent non-executive Directors of the Company.

In accordance with Article 83(3) of the Company's Articles of Association, Mr. Song Xiangoing shall hold office only until the forthcoming annual general meeting of the Company and being eligible, has offered himself for re-election at the said forthcoming annual general meeting.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographic information of the Directors and senior management of the Group are set out on page 22 to page 24 of this annual report.

DIRECTOR'S SERVICE CONTRACTS/LETTER OF APPOINTMENT

Dr. Cao Guoqi ("Dr. Cao") and Mr. Fung Weichang ("Mr. Fung") were appointed as executive Directors of the Company for an initial term of three years commencing from 18 September 2013 and expiring on 17 September 2016, subject to retirement by rotation and re-election under the Articles of Association of the Company. Dr. Cao and Mr. Fung shall receive a remuneration of HK$20,000 and HK$30,000 per monthly respectively payable monthly in arrears.

Mr. Xiong Wensen ("Mr. Xiong") was appointed as an executive Director of the Company for an initial term of three years commencing from 3 June 2014 and expiring on 2 June 2017, subject to retirement by rotation and re-election under the Articles of Association of the Company. Mr. Xiong shall receive a remuneration of HK$120,000 per monthly payable monthly in arrears.

Mr. Song Xiangping ("Mr. Song") was appointed as an executive Director of the Company for an initial term of three years commencing from 15 January 2015 and expiring on 15 January 2018, subject to retirement by rotation and re-election under the Articles of Association of the Company. Mr. Song shall receive a remuneration of HK$60,000 per monthly payable monthly in arrears.

Mr. Cheng Nga Ming Vincent ("Mr. Cheng") was appointed as an executive Director of the Company on 25 March 2011 for a term of one year unless terminated by not less than one month's notice in writing served by either party or previously terminated in accordance with the terms and conditions specified in the letter of appointment dated 25 March 2011. The remuneration of Mr. Cheng shall be a remuneration at a rate of HK$10,000 per month payable monthly in arrears. His appointment was renewed on 25 March 2015.

The current basic annual salaries of the executive Directors are as follows:

Name	Amount
Dr. Cao	HK$240,000
Mr. Fung	HK$360,000
Mr. Xiong	HK$1,440,000
Mr. Song	HK$720,000
Mr. Cheng	HK$120,000

Mr. Zhang, a non-executive Director of the Company, entered into a letter of appointment with the Company with a fixed term of services for three years commencing from 7 September 2012, subject to Article 83(3) and provisions for the retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association of the Company. Mr. Zhang is re-designated as an executive Director of the Company for a term of three years with effect from 13 May 2015. Mr. Zhang is entitled to receive a director's fee of HK$40,000 per month. The Board has also granted to Mr. Zhang, who has also accepted, 6,000,000 share options on 7 September 2012 pursuant to the letter of appointment to subscribe 6,000,000 ordinary shares of HK$0.01 each of the Company under and subject to and upon the terms and conditions of the share options scheme adopted by the Company on 14 August 2009. The exercise price of the share options shall be HK$0.84 per share. The validity period of the share options shall be five years from 7 September 2012. 2,000,000 share options have been vested on each of 6 March 2013, 6 March 2014 and 6 March 2015 respectively.

On 21 April 2015, the Board has granted share option to Mr. Zhang, who has also accepted, 20,000,000 share options to subscribe 20,000,000 ordinary shares of HK$0.01 each of the Company under and subject to and upon the terms and conditions of the share scheme adopted by the Company on 14 August 2009. The exercise price of the share options shall be HK$2.22 per share. The validity period of the share options shall be five years from 21 April 2015. One third of the share options have been vested on each of 21 April 2016, 21 April 2017 and 21 April 2018 respectively.

Mr. Wang and Mr. Lu were appointed as INEDs of the Company for a term of one year commencing from 2 August 2013. Their directors' fee was HK$72,000 per annum respectively. Dr. Yuan was appointed as an INED of the Company for a term of one commencing from 19 May 2014. His director's fee was HK$72,000 per annum. None of the INEDs is expected to receive any other remuneration (save for the share options that may be granted) for holding their offices as the INEDs.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has entered into any service agreement with the Company which was not determinable by the Company within one year without payment of compensation other that statutory compensation.

The Directors' remuneration (including any share options that may be granted to the Directors) is determined with reference to the results of the Group and the performance of the individual Director.

DIRECTORS' INTERESTS IN CONTRACTS

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

COMPETING INTERESTS

During the year ended 31 March 2015, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

EMOLUMENT POLICY

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

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 9 to 10 to the consolidated financial statement, respectively.

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

As at 31 March 2015, the interests of the Directors and chief executive 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 (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(a) Long positions in ordinary shares of HK$0.01 each of the Company ("Shares")

Name	Capacity	Number of shares	Percentage of shareholding
Mr. Cheng	Corporate – Interest of controlled corporation *(Note 1)*	174,500,000	16.83%
Dr. Cao	Corporate – Interest of controlled corporation *(Note 2)*	51,270,000	4.95%
	Beneficial owner *(Note 3)*	6,000,000	0.58%
	Interest of spouse *(Note 4)*	770,000	0.07%
Mr. Fung	Beneficial owner *(Note 3)*	2,000,000	0.19%
Mr. Zhang	Beneficial owner	4,750,000	0.46%
	Beneficial owner *(Note 3)*	6,000,000	0.57%
Mr. Xiong	Beneficial owner *(Note 3)*	8,600,000	0.83%

Notes: 1. These Shares were held by Tian Li Holdings Limited ("Tian Li") which in turn is owned as to 70% and 30% by Mr. Cheng and Ms. Cheng Nga Yee ("Ms. Cheng") respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in the 174,500,000 Shares held by Tian Li under the SFO.

2. These 51,270,000 Shares were held by Probest Limited ("Probest") which in turn is wholly owned by Dr. Cao. As Dr. Cao is the controlling shareholder of Probest, he is deemed to be interested in these 51,270,000 Shares held by Probest under the SFO.

3. These Shares represent the options of shares granted to Dr. Cao, Mr. Fung, Mr. Zhang and Mr. Xiong pursuant to the Company's share option scheme. Accordingly, they are deemed to be interested in these Shares under the SFO.

4. These 770,000 Shares were held by Ms. Zheng Lu who is the wife of Dr. Cao. Accordingly, Dr. Cao is deemed to be interested in these 770,000 Shares held by Ms. Zheng Lu under the SFO.

(b) Associated corporation

As at 31 March 2015, Ms. Cheng held 30% equity interests in Tian Li.

Save as disclosed above, as at 31 March 2015, so far as is known to any of the Directors or the chief executive of the Company, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 & 8 of part XV of the SFO (including interest and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

On 14 August 2009, the Company adopted a share option scheme (the "Scheme") for the purpose of recognising and motivating the contribution of the eligible persons to the Company and/or any of its subsidiaries and/or Invested Entity (as defined below). Pursuant to the Scheme, the Board may grant options to (i) any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "Invested Entity") in which the Company or any of its subsidiaries holds an equity interest, including any executive director but excluding any non-executive director of the Company, any of its subsidiaries or any Invested Entity; (ii) any non-executive director (including any independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity; (iii) any shareholder of the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity; (iv) any supplier of goods and/or services to the Company, any of its subsidiaries or any Invested Entity; (v) any business collaborator, business consultant, joint venture or business partner, technical, financial, legal and other professional advisers engaged by the Company, any of its subsidiaries or any Invested Entity; or (vi) any associate of the directors or the substantial shareholders of the Company, any of its subsidiaries or any Invested Entity who has, in the opinion of the Board, made contribution to the business growth of the Company, any of its subsidiaries or any Invested Entity.

The total number of the Shares which may be issued upon exercise of all options to be granted under the Scheme and any other scheme must not exceed 103,680,000 Shares, representing 10 per cent. of the Shares in issue as at the date of Extraordinary General Meeting approving the refreshment of 10% Limit. The total number of the Shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent. of the Shares in issue on the last day of such 12-month period unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

The exercise period of an option under the Scheme will be notified by the Board to each participant which shall not exceed 10 years from the date upon which the option is granted. The Scheme does not contain specific provisions on the minimum period during which an option must be held before it can be exercised. Upon acceptance of the option, the eligible person shall pay HK$1.00 to the Company by way of consideration for the grant. Subject to the early termination provisions of the Scheme, the Scheme will remain valid for a period of 10 years commencing from 14 August 2009.

The exercise price for Shares under the Share Option Scheme will be a price determined by the Board and notified to each grantee and will not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of grant and (iii) the nominal value of the Shares.

For the year ended 31 March 2015, the Company granted the following share options to the Directors under the Scheme:

Grantee:	Date of grant:	Exercise price of the Share options granted:	Number of the Share Options granted:	Closing price of the Share on the date of grant:	Validity period of the Share options:	Vesting date of the Share options:
Mr. Zhang Huaqiao	7 September 2012	HK$0.84 per share	6,000,000	HK$0.84 per share	Five years (7 September 2012 to 6 September 2017)	2,000,000 Share options have been vested on 6 March 2013; 2,000,000 Share options have been vested on 6 March 2014; 2,000,000 Share options have been vested on 6 March 2015.
(a) Dr. Cao Guoqi and (b) Mr. Fung Weichang	19 November 2013	HK$1.66 per share	(a) 6,000,000 (b) 2,000,000	HK$1.64 per share	Five years (19 November 2013 to 18 November 2018)	(a) 3,000,000 Share options have been vested on 19 November 2013; and 3,000,000 Share options have been vested on 19 November 2014. (b) 2,000,000 Share options have been vested on 19 November 2013.
Mr. Xiong Wensen	22 September 2014	HK$1.55 per share	8,600,000	HK$1.40 per share	Five years (22 September 2014 to 21 September 2019)	8,600,000 Share options have been vested on 22 September 2014.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES DISCLOSEABLE UNDER THE SFO

As at 31 March 2015, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

The Company

Long positions in Shares

Name	Capacity	Number of Shares	Percentage of shareholding
Tian Li *(Note 1)*	Beneficial owner	174,500,000	16.83%
Zhang Chang	Beneficial owner	68,490,000	6.61%

Save as disclosed above, as at 31 March 2015, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Note: 1. Tian Li is a company owned as to 70% and 30% by Mr. Cheng and Ms. Cheng respectively. Ms. Cheng is the sister of Mr. Cheng. As Mr. Cheng is the controlling shareholder of Tian Li, he is deemed to be interested in these Shares held by Tian Li under the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RETIREMENT SCHEMES

Particulars of the retirement schemes of the Group are set out in note 3 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

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

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on page 25 to page 32 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2015 have been audited by Mazars CPA Limited, who will retire and a resolution to re-appoint Mazars CPA Limited as auditor of the Company will be proposed at the forthcoming annual general meeting.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company.

ON BEHALF OF THE BOARD

Zhang Huaqiao
Chairman

Hong Kong, 22 June 2015

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To the shareholders of
China Smartpay Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Smartpay Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 43 to 111, which comprise the consolidated and the Company's statements of financial position 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 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, 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.

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 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 Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 22 June 2015

She Shing Pang
Practising Certificate number: P05510

Consolidated Income Statement

Year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	6	**333,388**	148,475
Cost of services rendered and cost of goods sold		**(270,289)**	(112,536)
Gross profit		**63,099**	35,939
Other income	7	**858**	128
General administrative expenses		**(113,972)**	(34,428)
Selling and distribution costs		**(7,522)**	(2,900)
Finance costs	8	**(2,534)**	(37)
Share of results of joint ventures		**(1,167)**	–
Share of results of associates		**(1,519)**	–
Loss before tax	8	**(62,757)**	(1,298)
Income tax expenses	11	**(7,740)**	(6,403)
Loss for the year		**(70,497)**	(7,701)
Attributable to:			
Equity holders of the Company	13	**(78,232)**	(17,762)
Non-controlling interests		**7,735**	10,061
		(70,497)	(7,701)
Loss per share for loss attributable to equity holders of the Company			
Basic and diluted	13	**(8.15) HK cents**	(2.72) HK cents

Consolidated Statement of Comprehensive Income

Year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
Loss for the year	**(70,497)**	(7,701)
Other comprehensive loss		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign subsidiaries	**(268)**	(1,502)
Total comprehensive loss for the year	**(70,765)**	(9,203)
Total comprehensive loss attributable to:		
Equity holders of the Company	**(78,507)**	(18,848)
Non-controlling interests	**7,742**	9,645
	(70,765)	(9,203)

Consolidated Statement of Financial Position

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Interests in a joint venture	15	**7,683**	–
Interests in associates	16	**29,945**	–
Goodwill	17	**475,031**	988
Property, plant and equipment	18	**43,937**	3,320
Intangible assets	19	**2,063**	–
		558,659	4,308
Current assets			
Other investments	20	**1,955**	–
Trade and other receivables	21	**101,556**	123,641
Restricted bank balances	22	**784,002**	9,026
Cash and cash equivalents	23	**37,577**	47,141
		925,090	179,808
Current liabilities			
Trade and other payables	24	**804,315**	38,631
Other borrowings, secured	25	**88,466**	–
Tax payables		**4,131**	1,843
		896,912	40,474
Net current assets		**28,178**	139,334
Total assets less current liabilities		**586,837**	143,642
Non-current liabilities			
Deferred tax liabilities	26	**2,076**	658
Other long-term liabilities	27	**393**	393
		2,469	1,051
NET ASSETS		**584,368**	142,591
Capital and reserves			
Share capital	28	**10,368**	7,200
Reserves		**552,030**	127,254
Equity attributable to equity holders of the Company		**562,398**	134,454
Non-controlling interests		**21,970**	8,137
TOTAL EQUITY		**584,368**	142,591

Approved and authorised for issue by the Board of Directors on 22 June 2015

Zhang Huaqiao
Director

Cao Guoqi
Director

Statement of Financial Position

At 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Interests in subsidiaries	14	**559,249**	121,405
Property, plant and equipment	18	**178**	–
		559,427	121,405
Current assets			
Trade and other receivables	21	**619**	511
Cash and cash equivalents	23	**2,136**	174
		2,755	685
Current liabilities			
Trade and other payables	24	**1,976**	1,477
Net current assets (liabilities)		**779**	(792)
NET ASSETS		**560,206**	120,613
Capital and reserves			
Share capital	28	**10,368**	7,200
Reserves	29	**549,838**	113,413
TOTAL EQUITY		**560,206**	120,613

Approved and authorised for issue by the Board of Directors on 22 June 2015

Zhang Huaqiao
Director

Cao Guoqi
Director

Consolidated Statement of Changes in Equity

Year ended 31 March 2015

	Attributable to equity holders of the Company									
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory reserve	Share options reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		(Note 29(a))	*(Note 29(b))*	*(Note 29(c))*	*(Note 29(d))*	*(Note 30)*				
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2013	6,000	14,559	6,996	421	766	928	(13,428)	16,242	2,229	18,471
Loss for the year	–	–	–	–	–	–	(17,762)	(17,762)	10,061	(7,701)
Total other comprehensive loss:										
Item that may be reclassified subsequently to profit or loss										
Exchange difference on translation of foreign subsidiaries	–	–	–	(1,086)	–	–	–	(1,086)	(416)	(1,502)
Total comprehensive loss for the year	–	–	–	(1,086)	–	–	(17,762)	(18,848)	9,645	(9,203)
Transaction with owners:										
Contributions and distributions										
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	9,499	–	9,499	–	9,499
Shares issue upon placing in October 2013 *(Note 28(a))*	1,200	119,223	–	–	–	–	–	120,423	–	120,423
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	(6,599)	(6,599)
Change in ownership interests										
Disposal of ownership interests in subsidiaries	–	–	–	–	–	–	7,138	7,138	2,862	10,000
Transaction with owners for the year	1,200	119,223	–	–	–	9,499	7,138	137,060	(3,737)	133,323
At 31 March 2014	7,200	133,782	6,996	(665)	766	10,427	(24,052)	134,454	8,137	142,591
At 1 April 2014	7,200	133,782	6,996	(665)	766	10,427	(24,052)	134,454	8,137	142,591
Loss for the year	–	–	–	–	–	–	(78,232)	(78,232)	7,735	(70,497)
Total other comprehensive loss:										
Items that may be reclassified subsequently to profit or loss										
Exchange difference on translation of foreign subsidiaries	–	–	–	(275)	–	–	–	(275)	7	(268)
Total comprehensive loss for the year	–	–	–	(275)	–	–	(78,232)	(78,507)	7,742	(70,765)
Transaction with owners:										
Contributions and distributions										
Recognition of equity-settled share-based payment expenses	–	–	–	–	–	53,503	–	53,503	–	53,503
Shares issue upon placing in April 2014 *(Note 28(b))*	1,440	203,267	–	–	–	–	–	204,707	–	204,707
Shares issue upon placing in September 2014 *(Note 28(c))*	1,043	147,202	–	–	–	–	–	148,245	–	148,245
Shares issue upon subscription in October 2014 *(Note 28(d))*	685	99,311	–	–	–	–	–	99,996	–	99,996
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	–	–	–	–	–	–	–	–	(6,681)	(6,681)
Change in ownership interests										
Non-controlling interests arising from business combinations *(Note 32)*	–	–	–	–	–	–	–	–	12,772	12,772
Transaction with owners for the year	3,168	449,780	–	–	–	53,503	–	506,451	6,091	512,542
At 31 March 2015	**10,368**	**583,562**	**6,996**	**(940)**	**766**	**63,930**	**(102,284)**	**562,398**	**21,970**	**584,368**

Consolidated Statement of Cash Flows

Year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES			
Cash generated from (used in) operations	31	**104,281**	(40,130)
Interest paid		**(2,534)**	(37)
Interest received		**6,265**	128
Income tax paid		**(5,350)**	(5,390)
Net cash from (used in) operating activities		**102,662**	(45,429)
INVESTING ACTIVITIES			
Acquisition of subsidiaries	32	**(531,790)**	(1,894)
Acquisition of associates		**(26,441)**	–
Purchase of property, plant and equipment		**(4,602)**	(1,093)
Decrease in other investments, net		**10,614**	–
Deposits on investments paid		**(6,319)**	(50,000)
Net cash used in investing activities		**(558,538)**	(52,987)
FINANCING ACTIVITIES			
Proceeds from disposal of ownership interests in subsidiaries that does not result in a loss of control		**–**	10,000
Proceeds from shares issued upon placing and subscription		**452,948**	120,423
Dividends paid to non-controlling interests of non-wholly owned subsidiaries		**(6,681)**	(6,599)
Net cash from financing activities		**446,267**	123,824
Net (decrease) increase in cash and cash equivalents		**(9,609)**	25,408
Cash and cash equivalents at beginning of year		**47,141**	23,009
Effect on exchange rate changes		**45**	(1,276)
Cash and cash equivalents at end of year	23	**37,577**	47,141

1. CORPORATE INFORMATION

China Smartpay Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 December 2007 as an exempted company with limited liability. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company is an investment holding company and the principal activities of its subsidiaries, a joint venture and associates are set out in Note 14, Note 15 and Note 16, respectively.

The Company and its subsidiaries are herein collectively referred to as the "Group".

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.

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.

Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Basis of consolidation

These consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date when such control ceases.

Non-controlling interests are presented, separately from equity holders of the Company, in the consolidated income statement and the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Allocation of total comprehensive income

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

Changes in ownership interests

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

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 determined at the date when the control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when the control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the holding company had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when the control is lost.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Subsidiaries

A subsidiary is an entity that is controlled by the Group. The Group controls an entity when it is exposed, 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses. The carrying amount of the investment 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 dividends received and receivable.

Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but no control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is a contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The Group reassesses whether it has joint control of an arrangement and whether the type of joint arrangement in which it is involved has changed, if facts and circumstances change.

The Group's investment in associate or joint venture is accounted for under the equity method of accounting, except when the investment or a portion thereof is classified as held for sale. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post-acquisition changes in the Group's share of the investee's net assets and any impairment loss relating to the investment. Except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee, the Group discontinues recognising its share of further losses when the Group's share of losses of the investee equals or exceeds the carrying amount of its interest in the investee, which includes any long term interests that, in substance, form part of the Group's net investment in the investee.

Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investees, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Associates and joint ventures *(continued)*

If an investment in a joint venture becomes an investment in an associate or vice versa, any retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, on the loss of significant influence or joint control, the Group remeasures any retained interest in the former investee at fair value. The difference between the fair value of any retained investment and proceeds from disposing of the partial interest in the investee and the carrying amount of the investment at the date when significant influence or joint control is lost is recognised in profit or loss. In addition, all amounts previously recognised in other comprehensive income in respect of the former investee are accounted for on the same basis as would be required if the former investee had directly disposed of the related assets or liabilities. The fair value of the retained interests on the date of ceasing to be an associate or joint venture is regarded as the fair value on initial recognition as a financial asset.

Goodwill

Goodwill arising on an acquisition of a subsidiary is measured at the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interests in the acquiree over the acquisition date amounts of the identifiable assets acquired and the liabilities assumed of the acquired subsidiary.

Goodwill on acquisition of subsidiary is recognised as a separate asset and is carried at cost less accumulated impairment losses, which is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment test and determination of gain or loss on disposal, goodwill is allocated to cash-generating units. An impairment loss on goodwill is not reversed.

On the other hand, any excess of the acquisition date amounts of identifiable assets acquired and the liabilities assumed of the acquired subsidiary over the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree, if any, after reassessment, is recognised immediately in profit or loss as an income from bargain purchase.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

As the Group's lease payments for its leasehold land and buildings cannot be allocated reliably between the land and buildings elements at the inception of the lease because similar land and buildings are not sold or leased separately, the entire lease payments are included in the cost of the leasehold land and buildings as a finance lease in property, plant and equipment.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Leasehold land and buildings	Over the shorter of unexpired term of leases and their estimated useful life
Leasehold improvements	3 years
Furniture and office equipment	3 – 5 years
Motor vehicle	4 years

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.

Intangible assets

Licence rights

Licence rights for the transaction processing system are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided on the straight-line basis over the estimated useful lives of 10 years.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Classification and measurement

Financial assets or financial liabilities are initially recognised at their fair value plus, in the case of financial assets or financial liabilities not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial assets or financial liabilities.

(1) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are not held for trading. 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 impairment loss. 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.

(2) Financial liabilities

The Group's financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

(3) 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 impairment loss.

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets are impaired. The impairment loss of financial assets carried at amortised cost is measured as the difference between the assets' carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. Such impairment loss is reversed in subsequent periods through profit or loss when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Impairment of financial assets *(continued)*

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.

Share capital

Ordinary shares are classified as equity.

Preference shares are classified as liabilities if they are redeemable at a specific date or at the shareholders' option; or if dividend payments are not discretionary. Preference shares that are not redeemable, or are redeemable only at the Group's option; and any dividend payments are discretionary, are classified as equity.

Cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. For classification in the statement of financial position, cash equivalents represent assets similar in nature to cash and which are not restricted to use.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following basis:

Card acceptance transaction fee income is generally recognised on an accruals basis when the service has been provided, which generally coincides with the time when the transactions are approved and executed.

Foreign exchange rate discount income is recognised when the foreign currency denominated funds are received from the card acceptance business partner who offered a favourable exchange rate in settling its outstanding payable to the Group and converted into local currency which is usually on every business day.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title is passed.

Card issuing service fee income is recognised when the prepaid cards are delivered to customers and issued cards are activated.

Merchant service fee represents service fee charged by the Group to merchants at specific rates on the monetary value of consumptions made by the prepaid cards' holders/internet payment accounts' holders in the merchants' stores. Merchant service fee income is recognised when the transactions occur.

Interest income from the accumulated unutilised float funds generated from the operation of the prepaid cards business and the internet payment business is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in the currency of Hong Kong Dollars ("HK$"), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency ("foreign operations") are translated into the presentation currency as follows:

– Assets and liabilities for each statement of financial position presented and, where applicable, goodwill and fair value adjustments on the carrying amounts of assets and liabilities arising on an acquisition of a foreign operation which are to be treated as assets and liabilities of that foreign operation, are translated at the closing rate at the end of the reporting period;

– Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates;

– All resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised as a separate component of equity;

– On the disposal of a foreign operation, which includes a disposal of the Group's entire interests in a foreign operation, a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interests is no longer equity-accounted for, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;

– On the partial disposal of the Group's interests in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and

– On all other partial disposals, which includes partial disposal of a joint venture or an associate that do not result in the Group losing joint control or significant influence, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of other assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment, intangible assets and interests in subsidiaries, a joint venture and associates may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs to sell and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income in profit or loss immediately.

The accounting policy for recognition and reversal of the impairment loss for goodwill is stated in the accounting policy for goodwill in the earlier part of these consolidated financial statements.

Leases

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

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Lease incentives received are recognised in profit or loss as an integral part of the net consideration agreed for the use of the leased asset.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Defined contribution plans

The obligations for contributions to defined contribution retirement plans are recognised as expense in profit or loss as incurred. The assets of the plans are held separately from those of the Group in an independently administered fund.

In accordance with the rules and regulations in the People's Republic of China ("PRC") and Thailand, the employees of the Group's entities established in the PRC and Thailand are required to participate in defined contribution retirement plans organised by local governments. Contributions to those plans are expensed as incurred and other than these monthly contributions, the Group has no further obligation for the payment of retirement benefits to its employees.

Share-based payment transactions

Equity-settled transactions

The Group's employees, including directors, receive remuneration in the form of share-based payment transactions, whereby the employees rendered services in exchange for shares or rights over shares. The cost of such transactions with employees is measured by reference to the fair value of the equity instruments at the grant date. The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a reserve within equity. The fair value is determined using the binomial model, taking into account any market conditions and non-vesting conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are to be fulfilled, ending on the date on which the entitlement of relevant employees to the award is no longer conditional on the satisfaction of any non-market vesting conditions ("vesting date"). During the vesting period, the number of share options that is expected to vest ultimately is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to profit or loss for the year of review, with a corresponding adjustment to the reserve within equity.

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

No expense is recognised for awards that do not ultimately vest, except for awards that are conditional on a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance conditions are satisfied. Where the terms of an equity-settled award are modified, an additional expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described above.

Equity-settled share-based payment transactions with parties other than employees are measured at fair value of the goods or services received, except where the fair value cannot be reliably estimated, in which case they are measured at the fair value of the equity instruments granted. In all cases, the fair value is measured at the date the Group obtains the goods or the counterparty renders the services.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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.

Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

The deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is recovered or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, a joint venture and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Related parties

A related party is a person or entity that is related to the Group.

(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 the key management personnel of the Group or of the holding company of the Group.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

(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 employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also 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 the 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:

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

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

(c) dependants 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.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements

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.

(a) Critical judgements made in applying accounting policies

(i) Subsidiary – Oriental City Group (Thailand) Company Limited ("OCG Thailand")

According to the relevant laws and regulations in Thailand, in particular the Foreign Business Act (the "FBA"), OCG Thailand being a company engaged in the provision for card acceptance business in Thailand, must be owned as to more than 50% by Thai citizens.

With reference to the preference shares structure arrangement (the "Preference Shares Structure") of OCG Thailand as described in Note 14(a), majority of OCG Thailand's issued capital, including ordinary and preference share capital, is owned by Thai citizens. However, the Company, through its wholly owned subsidiary, Oriental City Group Thailand Limited, is able to exercise more than 50% voting power in any shareholders' meeting of OCG Thailand.

The Company's legal advisors as to Thai laws have confirmed that the Preference Shares Structure is in compliance with all existing laws and regulations in Thailand, in particular the FBA. In light of no previous supreme court judgement ruling the invalidity of similar capital structure of OCG Thailand as opposed to the FBA and related interpretations, after due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Preference Shares Structure is valid, legal and enforceable in Thailand.

Based upon the management's judgement on the Preference Shares Structure, the Company accounts for OCG Thailand as a subsidiary in accordance with the HKFRS 10 on the ground that it is exposed, or has rights, to variable returns from its involvement with OCG Thailand and has the ability to affect those returns through its power over OCG Thailand.

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements *(continued)*

(a) Critical judgements made in applying accounting policies *(continued)*

(ii) Subsidiary – 上海雍勒信息技術有限公司 (Shanghai Yongle Information Technology Limited, "Shanghai Yongle")*

By implementation of series of structured agreements entered between an indirect wholly-owned subsidiary of the Company, 深圳前海雍勒信息技術服務有限公司 (Shenzhen Qianhai Yongle Information Services Limited*, "Shenzhen Yongle"), Shanghai Yongle and the legal owners of Shanghai Yongle (the "Structured Agreements") as described in Note 14(b), Shenzhen Yongle had obtained control over Shanghai Yongle and Shenzhen Yongle is exposed, or has rights, to variable returns from its involvement with Shanghai Yongle and has the ability to affect those returns through its power over Shanghai Yongle.

The Company's legal advisors as to the applicable laws and regulations in the PRC have confirmed that the Structured Agreements are in compliance with all existing laws and regulations in the PRC. After due and careful consideration of all relevant factors together with the legal opinion obtained, the management assesses and concludes that the Structured Agreements are valid, legal and enforceable in the PRC.

Based upon the management's judgement on the Structured Agreements, the Company accounts for Shanghai Yongle and its subsidiaries, 微科睿思在綫(北京)科技有限公司 (Wei Ke Rui Si Online (Beijing) Technology Company Limited*, "Beijing Weike") and 開聯通網絡技術服務有限公司 (Open Union Network Technology Services Limited*, "Open Union"), as subsidiaries in accordance with HKFRS 10.

As the Group holds no equity interest in Shanghai Yongle but are subject to the Structured Agreements, significant judgments are necessary as to whether these contracts give the Group the ability to exercise control over Shanghai Yongle, including consideration of the PRC legal and regulatory requirements, foreign exchange control, or other influences, such as, force majeure etc.

* *The English name is for identification purpose only.*

3. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgements *(continued)*

(b) Key sources of estimation uncertainty

(i) Impairment of investments and receivables

The Company assesses annually if its investments in subsidiaries, a joint venture and associates suffered any impairment in accordance with HKAS 36 and follows the guidance of HKAS 39 in determining whether amounts due from these entities are impaired. Details of the approach are stated in the accounting policies set out above. The assessment requires the management to choose a suitable valuation model and make estimation of the key valuation parameters and other relevant business assumptions. Future changes in financial performance and position of the subsidiaries, a joint venture and associates would affect the estimation of impairment loss and result in the adjustments of their carrying amounts.

(ii) Useful lives of property, plant and equipment and intangible assets

The management determines the estimated useful lives of the Group's property, plant and equipment and intangible assets based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

(iii) Impairment of property, plant and equipment and intangible assets

The management determines whether the Group's property, plant and equipment and intangible assets are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of net selling price or the value in use. Estimating the value in use requires the management to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

(iv) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Estimating the recoverable amount requires the management to choose a suitable valuation model and make estimation of the key valuation parameters and other relevant business assumptions.

(v) Impairment of financial assets

The management determines the provision for impairment of the Group's financial assets based on the current creditworthiness and the past collection history of each customer and other debtors and the current market condition. If the financial conditions of the Group's customers and other debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision may be required.

4. FUTURE CHANGES IN HKFRSs

At the date of authorisation on of these consolidated financial statements, the HKICPA has issued a number of 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	*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*[4]
HKFRS 15	*Revenue from Contracts with Customers*[5]
HKFRS 9 (2014)	*Financial Instruments*[6]

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 2016, with limited exceptions
5 Effective for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018

The directors of the Company (the "Directors") 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.

5. SEGMENT REPORTING

The Directors have been identified as the chief operating decision makers to evaluate the performance of operating segments and to allocate resources to those segments. Based on risks and returns and the Group's internal financial reporting, the Directors consider that the operating segments of the Group comprise:

(i) prepaid cards and internet payment business in the PRC;

(ii) cross-border e-commerce solution business among Hong Kong and the PRC; and

(iii) card acceptance business in Thailand.

In addition, the Directors consider that the place of domicile for the Group is Hong Kong, where the central management and control is located.

5. SEGMENT REPORTING *(continued)*

Segment results, which are the measures reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance, represent the profit earned or loss incurred by each segment without allocation of interest and other income, finance costs, general administrative expenses incurred by corporate office, share of results of joint ventures and associates and income tax.

In determining the Group's geographical segments, revenue is attributed to the segments based on the location where services are provided, assets and capital expenditure are attributed to the segments based on the location of the assets. The geographical segment information is reflected within operating segment information as the Group's three distinctive business activities are provided in three different locations.

Revenue from customers contributing over 10% of the total revenue of the Group is also reflected within the operating segment information.

Year ended 31 March 2015

	Prepaid cards and internet payment business *HK$'000*	Cross-border e-commerce solution business *HK$'000*	Card acceptance business *HK$'000*	Consolidated *HK$'000*
Segment revenue				
Major customer A	–	187,597	–	187,597
Other customers	7,871	32,332	105,588	145,791
	7,871	219,929	105,588	333,388
Segment results	(1,299)	16,570	19,406	34,677
Unallocated interest and other income				858
Unallocated finance costs				(2,534)
Unallocated other expenses				(93,072)
Share of results of joint ventures				(1,167)
Share of results of associates				(1,519)
Loss before tax				(62,757)
Income tax expenses				(7,740)
Loss for the year				(70,497)

5. SEGMENT REPORTING *(continued)*

Year ended 31 March 2014

	Cross-border e-commerce solution business *HK$'000*	Card acceptance business *HK$'000*	Consolidated *HK$'000*
Segment revenue			
Major customer A	34,150	–	34,150
Major customer B	–	24,097	24,097
Major customer C	–	23,885	23,885
Other customers	–	66,343	66,343
	34,150	114,325	148,475
Segment results	4,342	25,490	29,832
Unallocated interest and other income			128
Unallocated finance costs			(37)
Unallocated other expenses			(31,221)
Loss before tax			(1,298)
Income tax expenses			(6,403)
Loss for the year			(7,701)

5. SEGMENT REPORTING *(continued)*

Other information of the operating segments is as follows:

At 31 March 2015

	Prepaid card and internet payment business HK$'000	Cross-border e-commerce solution business HK$'000	Card acceptance business HK$'000	Unallocated HK$'000	Consolidated HK$'000
Property, plant and equipment	38,488	122	3,097	2,230	43,937
Intangible assets	2,035	–	–	28	2,063
Goodwill	474,043	988	–	–	475,031
Other assets	849,200	24,650	38,630	50,238	962,718
Total assets	1,363,766	25,760	41,727	52,496	1,483,749
Total liabilities	856,782	6,359	28,149	8,091	899,381
Additional segment information:					
Amortisation	55	–	–	2	57
Depreciation	861	38	1,236	424	2,559
Equity-settled share-based payment expenses	–	–	–	53,503	53,503
Additions to intangible assets	2,079	–	–	30	2,109
Additions to property, plant and equipment	39,165	–	1,442	2,394	43,001

At 31 March 2014

	Cross-border e-commerce solution business HK$'000	Card acceptance business HK$'000	Unallocated HK$'000	Consolidated HK$'000
Property, plant and equipment	160	2,890	270	3,320
Goodwill	988	–	–	988
Other assets	41,928	40,253	97,627	179,808
Total assets	43,076	43,143	97,897	184,116
Total liabilities	9,292	29,583	2,650	41,525
Additional segment information:				
Depreciation	6	985	106	1,097
Equity-settled share-based payment expenses	–	–	9,499	9,499
Additions to property, plant and equipment	168	1,016	77	1,261

6. REVENUE

Revenue is analysed by category as follows:

	2015	2014
	HK$'000	*HK$'000*
Cross-border e-commerce solution business		
Sales of goods	**219,929**	34,150
Card acceptance business		
Card acceptance transaction fee income	**82,683**	90,228
Foreign exchange rate discount income	**22,905**	24,097
Prepaid cards and internet payment business		
Card issuing service fee income	**261**	–
Merchant service fee income	**1,537**	–
Interest income from accumulated unutilised float funds	**6,073**	–
	333,388	148,475

7. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Bank interest income from self-owned funds	**192**	128
Sundry income	**666**	–
	858	128

8. LOSS BEFORE TAX

This is stated after charging:

		2015	2014
		HK$'000	*HK$'000*
(a)	**Finance costs**		
	Finance costs on other long-term liabilities	**36**	37
	Interest on other borrowings wholly repayable within five years	**2,498**	–
		2,534	37
(b)	**Staff costs, including key management remuneration**		
	Salaries, allowances and other short-term employee benefits	**18,379**	8,663
	Contributions to defined contribution plans	**1,440**	207
	Equity-settled share-based payment expenses	**23,263**	9,499
		43,082	18,369
(c)	**Key management remuneration, including directors' remuneration**		
	Salaries, allowances and other short-term employee benefits	**5,008**	4,125
	Contributions to defined contribution plans	**52**	63
	Equity-settled share-based payment expenses	**9,055**	6,330
		14,115	10,518
(d)	**Other items**		
	Auditor's remuneration	**808**	407
	Amortisation of intangible assets	**57**	–
	Cost of goods sold	**190,280**	30,633
	Depreciation of property, plant and equipment	**2,559**	1,097
	Equity-settled share-based payment expenses to service providers	**30,240**	–
	Operating lease charges on premises	**4,231**	1,722

9. DIRECTORS' REMUNERATION

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

	Directors' fees HK$'000	Salaries, allowances and other short-term employee benefits HK$'000	Contributions to defined contribution plans HK$'000	Equity-settled share-based payment expenses HK$'000	Total HK$'000
Year ended 31 March 2015					
Executive directors					
Mr. Cheng Nga Ming Vincent	**–**	**120**	**6**	**–**	**126**
Ms. Cheng Nga Yee^	**–**	**38**	**2**	**–**	**40**
Dr. Cao Guoqi	**–**	**240**	**–**	**1,577**	**1,817**
Mr. Fung Weichang	**–**	**360**	**–**	**–**	**360**
Mr. Xiong Wensen#	**–**	**1,192**	**–**	**5,985**	**7,177**
Mr. Song Xiangping#	**–**	**151**	**–**	**–**	**151**
	–	**2,101**	**8**	**7,562**	**9,671**
Non-executive director					
Mr. Zhang Huaqiao#	**480**	**–**	**–**	**857**	**1,337**
Independent non-executive directors					
Mr. Lee Kin Fai*	**6**	**–**	**–**	**–**	**6**
Mr. Wang Yiming	**72**	**–**	**–**	**–**	**72**
Mr. Lu Dongcheng	**72**	**–**	**–**	**–**	**72**
Dr. Yuan Shumin#	**63**	**–**	**–**	**–**	**63**
	213	**–**	**–**	**–**	**213**
	693	**2,101**	**8**	**8,419**	**11,221**
Year ended 31 March 2014					
Executive directors					
Mr. Cheng Nga Ming Vincent	–	120	6	–	126
Ms. Cheng Nga Yee	–	120	6	–	126
Dr. Cao Guoqi#	–	129	–	3,313	3,442
Mr. Fung Weichang#	–	193	–	1,600	1,793
	–	562	12	4,913	5,487
Non-executive director					
Mr. Zhang Huaqiao#	480	–	–	857	1,337
Independent non-executive directors					
Mr. Chan Chun Wai*	34	–	–	–	34
Mr. Lee Kin Fai	48	–	–	–	48
Mr. Chow King Lok*	25	–	–	–	25
Mr. Wang Yiming#	48	–	–	–	48
Mr. Lu Dongcheng#	48	–	–	–	48
	203	–	–	–	203
	683	562	12	5,770	7,027

\# *Appointed during the year*
* *Resigned during the year*
^ *Retired during the year*

There was no arrangement under which a director waived or agreed to waive any remuneration for the years ended 31 March 2015 and 2014. In addition, no emoluments were paid by the Group to any of the directors as an inducement to join, or upon joining the Group or as a compensation for loss of office for the years ended 31 March 2015 and 2014.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one (2014: two) director, Mr. Xiong Wensen (2014: Dr. Cao Guoqi and Mr. Fung Weichang), of whose remuneration is set out in Note 9. Details of the remuneration of the remaining four (2014: three) non-directors, highest paid employees for the year are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and other short-term employee benefits	**1,325**	2,901
Contributions to defined contribution plans	**217**	29
Equity-settled share-based payment expenses	**7,577**	2,328
	9,119	5,258

The number of non-directors, highest paid employees whose remuneration fell within the following bands:

	Number of employees	
	2015	2014
Band		
Nil to HK$1,000,000	**–**	–
HK$1,000,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$3,000,000	**3**	1
	4	3

During the years ended 31 March 2015 and 2014, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which any of the five highest paid employees waived or agreed to waive any remuneration during the years ended 31 March 2015 and 2014.

11. TAXATION

	2015	2014
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax	**2,739**	716
Thailand Enterprise Income Tax	**3,659**	4,612
Withholding tax on dividends declared by a non-wholly owned subsidiary	**1,188**	594
	7,586	5,922
Deferred tax		
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	**154**	481
Income tax expenses for the year	**7,740**	6,403

11. TAXATION *(continued)*

(i) Hong Kong Profits Tax

Hong Kong Profits Tax has been provided at the rate of 16.5% on the Group's estimated assessable profits arising from Hong Kong for the years ended 31 March 2014 and 2015.

(ii) Income taxes outside Hong Kong

The Company and its subsidiaries established in the British Virgin Islands ("BVI") are exempted from the payment of income tax in the Cayman Islands and the BVI respectively.

The Group's operations in the PRC are subject to enterprise income tax ("PRC EIT") of the PRC at 25%, except for Open Union which is subject to PRC EIT at a preferential rate of 15% for high and new technology enterprises up to 31 December 2014. However, no income tax has been provided as the Group's operations in the PRC had incurred losses for taxation purposes.

The Group's operations in Thailand are subject to Thailand Enterprise Income Tax at 20% (2014: 20%).

Dividends payable by a foreign invested enterprise in the PRC or Thailand to its foreign investors are subject to a 10% withholding tax, unless any foreign investor's jurisdiction of incorporation has a tax treaty with the PRC or Thailand that provides for a different withholding arrangement.

Reconciliation of income tax expenses

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(62,757)**	(1,298)
Income tax at applicable tax rate	**(11,679)**	(2,398)
Non-deductible expenses	**18,149**	7,654
Tax exempt revenue	**(156)**	–
Unrecognised tax losses	**55**	48
Withholding tax on dividends declared by a non-wholly owned subsidiary	**1,188**	594
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	**154**	481
Others	**29**	24
Income tax expenses for the year	**7,740**	6,403

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group's entities operate against profit or loss before tax. The change in applicable tax rate is caused by changes in the taxable results of the Group's subsidiaries in the respective countries.

12. LOSS ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The loss attributable to the equity holders of the Company for the year ended 31 March 2015 includes a loss of approximately HK$66,858,000 (2014: approximately HK$18,157,000) which has been dealt with in the financial statements of the Company.

13. LOSS PER SHARE

Basic loss per share is calculated based on the consolidated loss for the year ended 31 March 2015 attributable to the equity holders of the Company of approximately HK$78,232,000 (2014: approximately HK$17,762,000) and on the weighted average number of 959,710,685 ordinary shares (2014: 651,945,205 ordinary shares) in issue during the year ended 31 March 2015.

Diluted loss per share is the same as basic loss per share as the effect of potential ordinary shares is anti-dilutive during the years ended 31 March 2015 and 2014.

14. INTERESTS IN SUBSIDIARIES

		The Company	
	Note	**2015** **HK$'000**	2014 *HK$'000*
Unlisted shares, at cost		**9**	9
Due from subsidiaries	*(i)*	**573,163**	131,253
Impairment	*(ii)*	**(13,923)**	(9,857)
		559,240	121,396
		559,249	121,405

(i) The amounts due from subsidiaries are unsecured, interest-free and the settlement of the amounts due is neither planned nor likely to occur in the foreseeable future.

(ii) In light of the significant net liabilities position of a subsidiary at 31 March 2015, the Company had carried out a recoverability review of the amount due from the subsidiary which led to the recognition of impairment loss of approximately HK$13,923,000 (2014: approximately HK$9,857,000) in the financial statements of the Company.

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company Direct	Indirect	Principal activities
上海啟峻信息科技有限公司 Shanghai Qijun Information Technology Limited*	The PRC, 11 August 2014	Not yet paid up	–	100%	Prepaid card and internet payment business
上海雍勒信息技術有限公司 Shanghai Yongle Information Technology Limited* ("Shanghai Yongle")	The PRC, 27 May 2014	Not yet paid up	–	100% *<Note b>*	Investment holding
上海啟峻投資有限公司 Shanghai Qijun Investments Limited*	The PRC, 4 April 2014	Not yet paid up	–	100%	Investment holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company Direct	Indirect	Principal activities
Vast Prosper Limited	BVI, 2 January 2014	Ordinary, United States Dollars ("US$") 1	100%	–	Investment holding
深圳前海雍勤信息技術服務有限公司 Shenzhen Yongle Information Technology Service Limited* ("Shenzhen Yongle")	The PRC, 25 December 2013	Registered capital, HK$4,500,000	–	100%	Inactive
上海啟峻投資咨詢有限公司 Shanghai Qijun Investments Consultancy Service Limited* ("Qijun Investments Consultancy")	The PRC, 20 December 2013	Registered capital, HK$14,751,500	–	100%	Inactive
OCG Hong Kong Limited	Hong Kong, 6 November 2013	Ordinary, HK$10,000	–	70%	Provision of marketing and administrative services to group entities
Firm Idea Limited	BVI, 2 August 2013	Ordinary, US$1	–	100%	Investment holding
New United Global Limited	BVI, 2 August 2013	Ordinary, US$1	–	100%	Investment holding
Speedy Yield Limited	BVI, 2 August 2013	Ordinary, US$1	100%	–	Investment holding
Wide Joy Limited	BVI, 2 August 2013	Ordinary, US$1	–	100%	Investment holding
Goodgate Limited	Hong Kong, 9 July 2013	Ordinary, US$1	–	100%	Investment holding
Million Promise Travel Limited (formerly known as Million Promise Limited)	Hong Kong, 9 July 2013	Ordinary, HK$1	–	100%	Money lending (Not yet commenced business)
MCONE (HONGKONG) LIMITED ("MCONE")	Hong Kong, 19 March 2012	Ordinary, HK$10,000	–	100%	Cross-border e-commerce solution business
OCG China Company Limited	Hong Kong, 2 December 2011	Ordinary, HK$100	–	70%	Provision of marketing and administrative services to group entities
Rosy City Holdings Limited	BVI, 18 November 2011	Ordinary, US$1	100%	–	Investment holding
Grand Vision Investments Limited	Hong Kong, 14 November 2011	Ordinary, HK$10,000	–	100%	Inactive
Victory Pacific Investments Limited	BVI, 11 November 2011	Ordinary, US$1	–	100%	Investment holding

14. INTERESTS IN SUBSIDIARIES *(continued)*

Name	Place and date of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Effective ownership interests held by the Company Direct	Effective ownership interests held by the Company Indirect	Principal activities
Oriental City Group Asia Pacific Limited	BVI, 8 September 2011	Ordinary, US$1	–	70%	Investment holding
開聯通網絡技術服務有限公司 Open Union Network Technology Services Limited* ("Open Union") *<Note d>*	The PRC, 8 November 2010	Registered capital, Renminbi ("RMB") 100,000,000	–	90% *<Note b, c>*	Prepaid card and internet payment business
OCG South Asia (BVI) Limited	BVI, 19 March 2010	Ordinary, US$1	–	100%	Investment holding
Oriental City Group Lao Co., Limited	Laos, 8 January 2010	Registered capital, US$100,000	–	100%	Card acceptance business
Charm Act Group Limited	BVI, 30 November 2007	Ordinary, US$100	100%	–	Investment holding
Oriental City Group China Limited	BVI, 7 May 2007	Ordinary, US$1	–	100%	Investment holding and marketing business
Oriental City Group Thailand Limited ("OCG Thailand (BVI)")	BVI, 7 May 2007	Ordinary, US$100	–	70%	Investment holding
微科睿思在綫(北京)科技有限公司 Wei Ke Rui Si Online (Beijing) Technology Company Limited* ("Beijing Weike")	The PRC, 20 April 2006	Registered capital, RMB100,000,000	–	100% *<Note b>*	Investment holding
奧思知(海南)服務有限公司 Oriental City Group (Hainan) Services Limited*	The PRC, 24 October 2005	Registered capital, HK$150,000	–	100%	Co-branded card partnership business
Oriental City Group (Thailand) Company Limited ("OCG Thailand")	Thailand, 27 September 2004	Ordinary, Thai Baht ("Baht") 7,500,000	–	42%	Card acceptance business
		Preference, Baht 1,650,000 *<Note a>*	–	Nil	

Except for the preference share capital as issued by OCG Thailand, none of the subsidiaries had any other debt securities outstanding at the end of the year, or at any time during the year.

14. INTERESTS IN SUBSIDIARIES *(continued)*

<Note a>
OCG Thailand's share capital is comprised of ordinary share capital of Baht7,500,000 (equivalent to approximately HK$1,561,000) and preference share capital of Baht1,650,000 (equivalent to approximately HK$393,000). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share on any resolution of OCG Thailand.

The holders of preference shares have the following rights:

- one vote for every five shares held on any resolution of OCG Thailand;

- the right to receive cumulative dividend declared by OCG Thailand at the rate of 9% paid up value of the shares issued, prior to the ordinary shares; and

- the right to receive the distribution of the share capital, in the case of the winding up of the OCG Thailand, prior to the ordinary shares, but limited to the paid up amount of each of the preference share.

The preference shares as issued by OCG Thailand are classified as liabilities instead of equity in the Group's consolidated financial statements in accordance with applicable accounting standards because, although they are not redeemable, the holders of which are entitled to receive 9% cumulative dividend on the paid up value of the preference shares issued, which is treated as cost of financing, and are only entitled to OCG Thailand's residual assets limited to the nominal value of their paid-up capital.

Therefore, the results and financial position of OCG Thailand are included in the Group's consolidated financial statements, after accounting for the paid up value of the preference shares issued and its related cumulative dividend and the non-controlling interests, to the extent of 42% ordinary equity interests attributable to the equity holders of the Company according to the proportion of ordinary shares indirectly held by the Company through OCG Thailand (BVI).

<Note b>
The Group's indirect wholly owned subsidiary, Shenzhen Yongle, entered into a series of structured agreements (the "Structured Agreements") with Shanghai Yongle and the legal owners of Shanghai Yongle which enables Shenzhen Yongle to:

- exercise effective financial and operational control over Shanghai Yongle;

- exercise the entire owners' voting rights of Shanghai Yongle;

- receive and be exposed to substantially all of the economic interest returns generated by Shanghai Yongle;

- have an irrevocable option to purchase the entire equity interest in Shanghai Yongle when and to the extent permitted under the PRC laws; and

- obtain pledges over the entire equity interest of Shanghai Yongle from the legal owners of Shanghai Yongle.

The Directors are of the opinion that, notwithstanding the lack of the equity ownership, the Structured Agreements give Shenzhen Yongle control over Shanghai Yongle in substance under the principles as set out in HKFRS 10 where Shenzhen Yongle is exposed, or has rights, to variable returns from its involvement with Shanghai Yongle and has the ability to affect those returns through power over Shanghai Yongle. Therefore, the Group regards Shanghai Yongle together with its subsidiaries (i.e. Beijing Weike and Open Union) as indirect subsidiaries under HKFRSs and Shanghai Yongle, Beijing Weike and Open Union are consolidated in the Group's consolidated financial statements.

<Note c>
At 31 March 2015, the equity interest is pledged to a financial institution in the PRC for securing a loan facility of RMB70,000,000 (equivalent to approximately HK$88,466,000) granted to Beijing Weike as detailed in Note 25.

<Note d>
On 6 May 2015, the name of Open Union was changed from 開聯通網絡技術服務有限公司 to 開聯通支付服務有限公司 ("Open Union Payment Services Limited*").

* *The English name is for identification purpose only.*

14. INTERESTS IN SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI")

The following table shows the information relating to OCG Thailand and Open Union that have material NCI. The summarised financial information represents amounts before inter-company eliminations.

	OCG Thailand	Open Union
At 31 March 2015		
Proportion of NCI's ownership interests	**58%**	**10%**
Proportion of NCI's voting rights (excluding NCI's voting rights hold through other non-wholly owned subsidiaries of the Group)	**42%**	**10%**
	HK$'000	***HK$'000***
Current assets	**38,630**	**846,664**
Non-current assets	**3,097**	**49,123**
Current liabilities	**(25,472)**	**(771,899)**
Non-current liabilities	**(393)**	**–**
Net assets	**15,862**	**123,888**
Carrying amount of NCI	**9,200**	**12,389**

14. INTERESTS IN SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI") *(continued)*

Year ended 31 March 2015	**OCG Thailand** *HK$'000*	**Open Union** *HK$'000* *(Since acquisition)*
Revenue	**105,588**	**7,584**
Expenses	**(90,992)**	**(8,301)**
Profit (Loss)	**14,596**	**(717)**
Other comprehensive loss	**(105)**	**–**
Total comprehensive income (loss)	**14,491**	**(717)**
Profit (Loss) attributable to NCI	**8,466**	**(72)**
Total comprehensive income (loss) attributable to NCI	**8,405**	**(72)**
Dividends paid to NCI	**4,755**	**–**
Net cash flows from (used in):		
Operating activities	**8,919**	**(13,307)**
Investing activities	**(717)**	**10,631**
Financing activities	**(12,033)**	**–**
Total cash outflows	**(3,831)**	**(2,676)**

14. INTERESTS IN SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interests ("NCI") *(continued)*

	OCG Thailand
At 31 March 2014	
Proportion of NCI's ownership interests	58%
Proportion of NCI's voting rights (excluding NCI's voting rights hold through other non-wholly owned subsidiaries of the Group)	42%
	HK$'000
Current assets	40,253
Non-current assets	2,890
Current liabilities	(29,451)
Non-current liabilities	(393)
Net assets	13,299
Carrying amount of NCI	7,713
Year ended 31 March 2014	*HK$'000*
Revenue	114,325
Expenses	(96,038)
Profit	18,287
Other comprehensive loss	(802)
Total comprehensive income	17,485
Profit attributable to NCI	10,283
Total comprehensive income attributable to NCI	9,811
Dividends paid to NCI	3,957
Net cash flows from (used in):	
Operating activities	15,155
Investing activities	(1,017)
Financing activities	(9,913)
Total cash inflow	4,225

15. INTERESTS IN A JOINT VENTURE

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Share of net assets	**7,683**	–

Details of the joint venture at the end of the reporting period are as follows:

Name of joint venture	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company	Principal activities
上海東方網通信技術有限公司 Shanghai Eastern Net Communication Technology Company Limited* ("Eastern Net")	The PRC	RMB20,000,000	40%	Promotion of prepaid cards and provision of related customers service in Shanghai, the PRC

* *The English name is for identification purpose only.*

The above joint venture is accounted for using the equity method in the Group's consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the joint venture itself.

Arrangements with joint venture partners

Each of Open Union, the first joint venture partner and the second joint venture partner is entitled to appoint 2, 2 and 1, respectively, out of 5 board members of Eastern Net. Because certain strategic financial and operating decisions in relation to Eastern Net's operation require the consent of 4 out of 5 board members, Open Union and the first joint venture partner are considered to have joint control of Eastern Net under the arrangements and Eastern Net is being regarded as a joint venture of Open Union.

Relationship with joint venture

Eastern Net is engaged in the promotion of prepaid cards and the provision of related customer services in Shanghai, the PRC, which could allow the Group to benefit from Eastern Net's operations.

15. INTERESTS IN A JOINT VENTURE *(continued)*

Financial information of individually material joint ventures

Summarised financial information of the joint venture of the Group, which is considered to be material, is set out below, which represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	Eastern Net
At 31 March 2015	***HK$'000***
Gross amounts	
Current assets	**19,326**
Non-current assets	**291**
Current liabilities	**(409)**
Equity	**19,208**
Included in above:	
Cash and cash equivalents	**15,049**
Reconciliation	
Gross amount of equity	**19,208**
Group's ownership interests	**40%**
Group's voting rights	**40%**
Group's share of equity and carrying amount of interests	**7,683**

Year ended 31 March 2015 (since acquisition)	***HK$'000***
Gross amounts	
Revenue	**48**
Loss and total comprehensive loss	**(327)**
Group's share of loss and total comprehensive loss	**(131)**
Included in above:	
Depreciation and amortisation	**22**
Interest income	**(3)**

15. INTERESTS IN A JOINT VENTURE *(continued)*

Financial information of individually material joint ventures *(continued)*

Beijing Weike Group (as defined in Note 32)

In addition, pursuant to the acquisition of 33% interest of Beijing Weike on 23 September 2014, Beijing Weike became a joint venture to the Group until the completion of acquisition of remaining 67% interest of Beijing Weike as detailed in Note 32. During the year ended 31 March 2015, the Group shared the loss of Beijing Weike and Open Union of approximately HK$1,036,000 (2014: Nil).

16. INTERESTS IN ASSOCIATES

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Share of net assets	**13,090**	–
Goodwill	**16,855**	–
	29,945	–

Details of the material associates at the end of the reporting period are as follows:

Name of associates	Principal place of business and place of incorporation	Registered and paid-up capital	Proportion of value of registered and paid-up capital indirectly held by the Company	Principal activities
廈門市民生通電子商務有限公司 Xiamen Minshengtong E-commerce Limited* ("Minshengtong")	The PRC	RMB10,000,000	49%	E-commerce business
上海商酷網絡科技有限公司 Shanghai Koolcloud Technology Co. Limited* ("Koolcloud")	The PRC	RMB29,500,000	22.21%	Manufacturing and trading of POS machines and related hardwares
無錫酷銀科技有限公司 Wuxi Kuyin Technology Limited* ("Kuyin")	The PRC	RMB2,000,000	16.99%	Manufacturing and trading of POS machines and related hardwares

* *The English name is for identification purpose only.*

All of the above associates are accounted for using the equity method in the Group's consolidated financial statements. There are no capital commitment and contingent liabilities in relation to the associates themselves.

16. INTERESTS IN ASSOCIATES *(continued)*

Relationship with associates

Koolcloud and its non-wholly owned subsidiary, Kuyin, are engaged in the manufacturing and trading of cutting-edge smart POS machines and related hardwares, which could facilitate the expansion of the prepaid cards and internet payment business of the Group.

Minshengtong, which is principally engaged in E-commerce business, could allow the market penetration of the Group to several geographical segments, mainly Fujian, the PRC.

Financial information of individually material associates

Summarised financial information of each of the material associates of the Group is set out below, which represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

At 31 March 2015	**Minshengtong** *HK$'000*	**Koolcloud & Kuyin** *HK$'000*
Gross amounts		
Current assets	11,979	31,361
Non-current assets	371	1,372
Current liabilities	(157)	(701)
Equity	12,193	32,032
Reconciliation		
Gross amount of equity	12,193	32,032
Group's ownership interests and voting rights	49%	22.21%
Group's share of equity	5,975	7,115
Goodwill	–	16,855
Carrying amount of interests	5,975	23,970
Gross amounts (Since acquisition)		
Revenue	–	1,772
Loss and total comprehensive loss	(443)	(5,862)
Group's share of loss and total comprehensive loss of associates	(217)	(1,302)

Significant subsequent events

On 6 May 2015, the Group disposed of its 11% equity interests of Minshengtong to an independent third party at cash consideration of RMB1,100,000.

17. GOODWILL

	Cross-border E-commerce Solution CGU *(Note(a))* *HK$'000*	Prepaid Cards and Internet Payment CGU *(Note(b))* *HK$'000*	Total *HK$'000*
Cost and carrying amount			
At 1 April 2013	–	–	–
Additions *(Note 32)*	988	–	988
At 31 March 2014 and 1 April 2014	988	–	988
Additions *(Note 32)*	–	471,429	471,429
Exchange realignments	–	2,614	2,614
At 31 March 2015	**988**	**474,043**	**475,031**

17(a) CROSS-BORDER E-COMMERCE SOLUTION CGU

Goodwill arising from the cross-border e-commerce solution business (the "Cross-border E-commerce Solution CGU") represented the acquisition of 100% equity interests in MCONE at an aggregated consideration of HK$2,500,000 in January 2014. The excess of the consideration transferred over the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed of approximately HK$988,000 is recognised as goodwill. At 31 March 2015, the Group assessed the recoverable amount of the goodwill with reference to the cashflow projection of MCONE for the next twelve months and determined that no impairment for goodwill was required.

17. GOODWILL *(continued)*

17(b) PREPAID CARDS AND INTERNET PAYMENTS CGU

On 23 September 2014 and 27 January 2015, Shanghai Yongle acquired 33% and 67% interest in Beijing Weike, respectively, at an aggregated consideration of RMB468 million (equivalent to approximately HK$588 million). Beijing Weike, through its subsidiary, Open Union, is engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service (the "Prepaid Cards and Internet Payment CGU"). The excess of the consideration transferred and the amount of non-controlling interests over the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed of approximately HK$471,429,000 was recognised as goodwill.

On 27 January 2015, the Group assessed the recoverable amount of the goodwill with reference to a business valuation of Open Union determined under a market-based approach based on the multiples of price-to-annual prepaid cards issuing amount as stated in a valuation report at 31 August 2014 issued by an independent professional valuer, Roma Appraisals Limited, which is set out in Appendix VII of the circular of the Company dated 29 December 2014.

The Directors considered that no significant adverse change noted in the key assumptions and inputs for the calculation of the business valuation from 31 August 2014 to 27 January 2015 and then to 31 March 2015. With reference to the business valuation, the Directors concluded that the recoverable amount of the Prepaid Cards and Internet Payment CGU, which was determined on fair value less cost of disposal, exceeded its carrying amount and therefore, no impairment loss on goodwill was considered necessary at 27 January 2015 and 31 March 2015.

Key assumptions and inputs used for the business valuation are as follows:

Estimated annual issuing amount ^	RMB893,168,000
Price-to-annual issuing amount multiple #	0.68 – 2.87

^ Estimated annual issuing amount was estimated by the trailing 12-month issuing amount of Open Union at 31 August 2014.

Price-to-annual issuing amount multiple was estimated by the consideration of comparable transactions divided by the trailing 12-month issuing amount of the comparable companies which their principal business were comparable to that Open Union.

The directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the Prepaid Cards and Internet Payment CGU to exceed its recoverable amount.

Other information on fair value measurement of the Prepaid Cards and Internet Payments CGU

The description of valuation technique used in fair value measurement for the Prepaid Cards and Internet Payment CGU containing goodwill is as follow:

Fair value hierarchy	**Valuation technique**
Level 3	Market-based approach

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land and buildings *HK$'000*	Leasehold improvements *HK$'000*	Furniture and office equipment *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost					
At 1 April 2013	–	82	6,928	–	7,010
Additions	–	–	1,093	–	1,093
Acquisition of subsidiaries	–	–	168	–	168
Exchange realignments	–	(7)	(645)	–	(652)
At 31 March 2014 and at 1 April 2014	–	75	7,544	–	7,619
Additions	–	702	2,836	1,064	4,602
Acquisition of subsidiaries	35,049	208	2,855	287	38,399
Disposals	–	–	(18)	–	(18)
Exchange realignments	165	3	20	5	193
At 31 March 2015	**35,214**	**988**	**13,237**	**1,356**	**50,795**
Accumulated depreciation					
At 1 April 2013	–	81	3,473	–	3,554
Charges	–	1	1,096	–	1,097
Exchange realignments	–	(7)	(345)	–	(352)
At 31 March 2014 and at 1 April 2014	–	75	4,224	–	4,299
Charges	290	183	1,970	116	2,559
Disposals	–	–	(3)	–	(3)
Exchange realignments	1	1	1	–	3
At 31 March 2015	**291**	**259**	**6,192**	**116**	**6,858**
Net carrying amount					
At 31 March 2015	**34,923**	**729**	**7,045**	**1,240**	**43,937**
At 1 April 2014	–	–	3,320	–	3,320

The Group's leasehold land and buildings were situated in the PRC under medium-term leases.

At 31 March 2015, the Group's leasehold land and buildings with net carrying amount of approximately HK$34,923,000 were pledged to a financial institution in the PRC for securing a loan facility of RMB70,000,000 (equivalent to approximately HK$88,466,000) granted to Beijing Weike as detailed in Note 25.

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Company

	Leasehold improvements *HK$'000*	Furniture & Fixture *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2013, 31 March 2014 and at 1 April 2014	–	–	–
Additions	136	59	195
At 31 March 2015	**136**	**59**	**195**
Accumulated depreciation			
At 1 April 2013, 31 March 2014 and at 1 April 2014	–	–	–
Charges	7	10	17
At 31 March 2015	**7**	**10**	**17**
Net carrying amount			
At 31 March 2015	**129**	**49**	**178**
At 1 April 2014	–	–	–

19. INTANGIBLE ASSETS

The Group

	Licence rights ***HK$'000***
Cost	
At 1 April 2013, 31 March 2014 and at 1 April 2014	–
Additions	30
Acquisition of subsidiaries	2,079
Exchange realignments	11
At 31 March 2015	**2,120**
Accumulated amortisation	
At 1 April 2013, 31 March 2014 and at 1 April 2014	–
Charges	57
At 31 March 2015	**57**
Net carrying amount	
At 31 March 2015	**2,063**
At 1 April 2014	–

20. OTHER INVESTMENTS

The other investments represented unlisted investments in principal unguaranteed funds (the "Investments") placed with a bank in the PRC for a maximum period of 5 years. The investments can be redeemed from time to time. The Investments are unlisted investment funds which mainly invested in treasury bonds, bank debentures, central bank bills, enterprise/corporate bonds and other investments in the PRC with high credit rating. The investments bear interest at floating rate with expected return of 2.45% per annum.

In the opinion of the Directors, the fair value of the Investments cannot be reliably measured because (a) the Investments do not have quoted market price in an active market; (b) the range of reasonable fair value estimates is significant for the Investments; and (c) the probabilities of the various estimates cannot be reasonably assessed and used in estimating the fair value. As such, the Investments are stated at cost less any impairment losses.

21. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
		2015	2014	**2015**	2014
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	*(a)*	**29,276**	26,187	**–**	–
Other receivables					
Deposits on investments	*32/34*	**6,319**	50,000	**–**	–
Deposits paid to merchants	*(b)*	**27,418**	–	**–**	–
Deposits, prepayments and other receivables	*(c)*	**38,543**	47,454	**619**	511
		101,556	123,641	**619**	511

21(a) Trade receivables

The Group allows a credit period up to 90 days to its trade debtors. At the end of the reporting period, the ageing analysis of the trade receivables by invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Less than 1 month	**23,941**	26,187
1 month to 3 months	**3,784**	–
Over 3 months	**1,551**	–
	29,276	26,187

21. TRADE AND OTHER RECEIVABLES *(continued)*

21(a) Trade receivables *(continued)*

At the end of the reporting period, the ageing analysis of the trade receivables by due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Current	**27,517**	26,187
Past due:		
Less than 1 month	**495**	–
1 month to 3 months	**419**	–
Over 3 months	**845**	–
	1,759	–
	29,276	26,187

The trade receivables (including past due receivables) are not assessed to be impaired as there has not been a significant change in credit quality and the Directors believe that the amounts are fully recoverable. The Group does not hold any collateral over these balances.

21(b) Deposits paid to merchants

The amounts represented deposits paid to merchants as guarantees for the settlement of the spending made by prepaid cards' holders and internet payment accounts' holders.

21(c) Deposits, prepayments and other receivables

	2015	2014
	HK$'000	*HK$'000*
Funds prepaid to merchants *(Note)*	**5,708**	–
Deposits, prepayments and other debtors	**32,835**	47,454
	38,543	47,454

Note: The amounts represented funds remitted to the merchants in advance for the settlement of the spending to be made by the prepaid cards' holders and internet payment accounts' holders. The prepaid amounts are based on the historical spending pattern and expected transaction value with individual merchants.

Included in trade and other receivables is the following amount denominated in a currency other than the functional currency of the Group's entities:

	The Group	
	2015	2014
	HK$'000	*HK$'000*
US$	**18,244**	17,400

22. RESTRICTED BANK BALANCES

		The Group	
	Note	**2015** **HK$'000**	2014 HK$'000
Bank deposits			
Thailand	(a)	**3,499**	9,026
The PRC	(b)(i)	**679,398**	–
		682,897	9,026
Principal-guaranteed funds			
The PRC	(b)(ii)	**101,105**	–
		784,002	9,026

22(a) Thailand

Pursuant to the agreements signed with a card acceptance business partner, the amounts represent bank balances in banks in Thailand maintained solely for the purpose of settlement of outstanding trade payables for the card acceptance business and are restricted for use by the Group for any other purposes. The restricted bank balances are denominated in Baht.

22(b) The PRC

Pursuant to relevant laws and regulations in the PRC, the funds are maintained solely for the purpose of settlement of outstanding payable to merchants when the prepaid cards holders/internet payment accounts' holders make purchase transactions with respective merchants and are not allowed to be used by the Group for any other purpose. The deposits and guarantee funds are denominated in RMB.

(i) Bank deposits – The PRC

The balances represented savings/current/fixed deposits accounts maintained with banks. They bear interest rate of 0.35% to 5% per annum.

(ii) Principal-guaranteed funds – The PRC

The balances represented funds with investment period of around 60 days and the principal amounts are guaranteed by banks. They are unlisted and bear interest at floating rate with expected return of 4.6% to 4.75% per annum.

23. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000
Bank balances and cash are denominated in:				
HK$	**5,024**	25,825	**2,136**	174
RMB	**17,619**	4,487	**–**	–
US$	**29**	3,641	**–**	–
Baht	**14,905**	13,188	**–**	–
	37,577	47,141	**2,136**	174

24. TRADE AND OTHER PAYABLES

		The Group		The Company	
		2015	2014	**2015**	2014
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables	*(a)*	**37,455**	34,413	**–**	–
Unutilised float funds	*(b)*	**748,959**	–	**–**	–
		786,414	34,413	**–**	–
Other payables					
Accruals and other payables		**14,317**	4,218	**1,976**	1,477
Due to a joint venture	*(c)*	**3,584**	–	**–**	–
		804,315	38,631	**1,976**	1,477

(a) Trade payables

The credit periods of trade payables ranged from 30 to 60 days. At the end of the reporting period, the ageing analysis of the trade payables by invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Less than 1 month	**37,455**	34,413

(b) Unutilised float funds

The balances represented amounts prepaid by the prepaid cards' holders and internet payment accounts' holders to the Group and unutilised at the end of the reporting period. The Group is required to pay to the merchants from these funds when the prepaid cards' holders and internet payment accounts' holders make purchase transactions with respective merchants. The settlement terms with merchants vary and are dependent on the negotiation between the Group and individual merchants and number of purchase transactions.

(c) Due to a joint venture

The amount due is unsecured, interest-free and has no fixed repayment term.

25. OTHER BORROWINGS, SECURED

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Interest-bearing borrowings, secured	**88,466**	–
Current portion	**88,466**	–

Beijing Weike, an indirect wholly owned subsidiary of the Company, entered into an equity income right transfer agreement, an equity income right buyback agreement and the related pledge and mortgage agreements (the "Agreements") with 上銀瑞金資產管理(上海)有限公司 (Shangyin Ruijin Asset Management (Shanghai) Co., Ltd., "Shangyin", English translation for identification purpose only), a subsidiary of 上海銀行股份有限公司 (Bank of Shanghai Co., Ltd., "Bank of Shanghai", English translation for identification purpose only), pursuant to which Beijing Weike shall transfer the equity income right (the "Right") arising from its 90% equity interests in Open Union to Shangyin at the consideration of RMB70,000,000 (equivalent to approximately HK$88,466,000) (the "Basic Price") and Beijing Weike shall be obliged to buy back the Right at one time, within next twelve months period from the date of transfer of the consideration upon the terms and conditions thereof (the "Buyback Obligation"), at the Basic Price plus a premium of 8.57% per annum (the "Premium") of the Basic Price for the relevant period as referred to therein. Any dividend or other income associated with the 90% equity interests in Open Union shall be directly paid to an escrow account opened by Beijing Weike with Bank of Shanghai specifically for payment of the Basic Price and the Premium under the Buyback Obligation.

In addition, Beijing Weike has pledged its 90% equity interest in Open Union in favor of Shangyin and Open Union has pledged certain properties owned by it in favour of Shangyin to secure Beijing Weike's performance of the Buyback Obligation. The Basic Price was received by Beijing Weike in October 2014.

Due to the fact that, notwithstanding the execution of the Agreements, Beijing Weike is still able to control Open Union and is exposed, or has rights, to variable returns from its investments in Open Union and has the ability to affect those returns through its power over Open Union, Beijing Weike continues to recognise Open Union as its subsidiary and the Basic Price received is recognised as "other borrowings, secured" and the Premium is recognised as "finance costs" in the Group's consolidated financial statements.

26. DEFERRED TAXATION

The movement for the year in the Group's deferred tax liabilities was as follows:

	2015			2014		
	Undistributed earnings	**Fair value adjustments**	**Total**	Undistributed earnings	Fair value adjustments	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
At the beginning of the reporting period	**658**	**–**	**658**	177	–	177
Acquisition of subsidiaries	**–**	**1,264**	**1,264**	–	–	–
Charge to profit or loss	**154**	**–**	**154**	481	–	481
At the end of the reporting period	**812**	**1,264**	**2,076**	658	–	658

Recognised deferred tax liabilities at the end of the reporting period represent the following:

	2015	2014
	HK$'000	*HK$'000*
Fair value adjustments	**1,264**	–
Withholding tax on undistributed earnings of a non-wholly owned subsidiary	**812**	658
Deferred tax liabilities	**2,076**	658
Amount expected to be recovered after more than 12 months	**2,076**	658

At the end of the reporting period, the Directors considered the current dividend distribution policy of OCG Thailand, a non-wholly owned subsidiary established in Thailand, that OCG Thailand is able to generate sufficient funding to finance its operations and distribute dividend in the foreseeable future. Accordingly, deferred tax liabilities of approximately HK$812,000 (2014: approximately HK$658,000) has been recognised for the future withholding tax implications of the undistributed earnings of OCG Thailand.

Unrecognised deferred taxation

The Group has not recognised deferred tax assets in respect of the tax losses, as set out below, because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unrecognised tax losses will expire as follows:

	The Group	
	2015	2014
	HK$'000	*HK$'000*
Year 2015	**–**	218
Year 2016	**238**	246
Year 2017	**187**	145
Year 2018	**92**	107
Year 2019	**115**	103
Year 2020	**2,195**	–
	2,827	819

27. OTHER LONG-TERM LIABILITIES

Other long-term liabilities represent preference shares issued by OCG Thailand as detailed in Note 14(a).

At the end of the reporting period, the Group had an outstanding amount due to a non-controlling shareholder of Baht1,650,000 (equivalent to approximately HK$393,000) (2014: Baht1,650,000 (equivalent to approximately HK$393,000)) in respect of the issued and paid up preference share capital of OCG Thailand, which carries cumulative dividend at 9% per annum. In addition, the relevant dividend on the preference share capital of OCG Thailand was fully settled before the end of the reporting period.

28. SHARE CAPITAL

	2015		2014	
	Number of shares	**Nominal value *HK$'000***	Number of shares	Nominal value *HK$'000*
Authorised	**2,000,000,000**	**20,000**	2,000,000,000	20,000
Issued and fully paid				
At beginning of the year	**720,000,000**	**7,200**	600,000,000	6,000
Share issued upon placing in October 2013 *(Note(a))*	**–**	**–**	120,000,000	1,200
Share issued upon placing in April 2014 *(Note(b))*	**144,000,000**	**1,440**	–	–
Share issued upon placing in September 2014 *(Note(c))*	**104,310,000**	**1,043**	–	–
Share issued upon subscription in October 2014 *(Note(d))*	**68,490,000**	**685**	–	–
At end of the reporting period	**1,036,800,000**	**10,368**	720,000,000	7,200

Note:

(a) In October 2013, a total number of 120,000,000 ordinary shares were issued via placing at a price of HK$1.03 per share. The Company raised proceeds of approximately HK$123,600,000 before expenses, to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK$3,177,000 arising from the placing were recognised in the share premium account of the Company.

(b) In April 2014, a total number of 144,000,000 ordinary shares were issued via placing at a price of HK$1.46 per share. The Company raised proceeds of approximately HK$210,240,000 before expenses, to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK$5,533,000 arising from the placing were recognised in the share premium account of the Company.

(c) In September 2014, a total number of 104,310,000 ordinary shares were issued via placing at a price of HK$1.46 per share. The Company raised proceeds of approximately HK$152,293,000 before expenses, to finance the Group's future potential investments or otherwise as general working capital of the Group. The expenses of approximately HK$4,048,000 arising from the placing were recognised in the share premium account of the Company.

(d) In October 2014, a total number of 68,490,000 ordinary shares were issued via subscription at a price of HK$1.46 per share. The Company raised proceeds of approximately HK$99,996,000, to finance the Group's future potential investments or otherwise as general working capital of the Group. No significant direct expense was incurred for the subscription.

29. RESERVES

	The Company			
	Share premium HK$'000 (Note 29(a))	**Share option reserve** HK$'000 (Note 30)	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2013	14,559	927	(12,639)	2,847
Loss for the year and total comprehensive loss for the year	–	–	(18,157)	(18,157)
Transaction with owners				
Contributions and distributions				
Share issued upon placing in October 2013 *(Note 28(a))*	119,223	–	–	119,223
Recognition of equity-settled share-based payment expenses	–	9,500	–	9,500
At 31 March 2014	133,782	10,427	(30,796)	113,413
At 1 April 2014	133,782	10,427	(30,796)	113,413
Loss for the year and total comprehensive loss for the year	–	–	(66,858)	(66,858)
Transaction with owners				
Contributions and distributions				
Share issued upon placing in April 2014 *(Note 28(b))*	203,267	–	–	203,267
Share issued upon placing in September 2014 (Note 28(c))	147,202	–	–	147,202
Share issued upon subscription in October 2014 *(Note 28(d))*	99,311	–	–	99,311
Recognition of equity-settled share-based payment expenses	–	53,503	–	53,503
At 31 March 2015	**583,562**	**63,930**	**(97,654)**	**549,838**

29. RESERVES *(Continued)*

29(a) Share Premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

29(b) Capital Reserve

The capital reserve represents the aggregate amount of the nominal value of the registered capital of the companies comprising the Group less consideration paid to acquire the relevant interests, after adjusting the registered capital held by those attributable to the non-controlling interests, and the deemed capital contribution from the former controlling party prior to the listing of the Company on the GEM of the Stock Exchange.

29(c) Exchange Reserve

Exchange reserve of the Group comprises all foreign exchange differences arising from translation of the financial statements of the Group's subsidiaries. The reserve is dealt with in accordance with the accounting policies as set out in Note 3.

29(d) Statutory Reserve

In accordance with the relevant laws and regulations in Thailand, OCG Thailand is required to appropriate not less than 5% of its net profit to the statutory reserve upon each dividend distribution, until the statutory reserve reaches 10% of its registered authorised capital. The statutory reserve is not available for dividend distribution.

30. SHARE OPTION SCHEME

On 14 August 2009, the Company adopted a share option scheme (the "Scheme") for the purpose of recognising and motivating the contribution of the eligible persons to the Company and/or any of its subsidiaries and invested entities.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes must not exceed 10% of the shares in issue at the date of adoption of the Scheme (the "10% Limit") or the date of any shareholders' meeting in refreshing the 10% Limit, if applicable. The total number of the shares issued and to be issued upon exercise of the options granted to a participant under the Scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue on the last day of such 12-month period unless approval from the shareholders of the Company in general meeting is obtained with such participant and his/her associates abstaining from voting.

The exercise period of an option under the Scheme will be notified by the Board of Directors to each participant, which shall not exceed 10 years from the date upon which the option is granted. The Scheme does not contain specific provisions on the minimum period during which an option must be held before it can be exercised. Upon acceptance of the option, the eligible person shall pay HK$1.00 to the Company by way of consideration for the grant. Subject to the early termination provisions of the Scheme, the Scheme will remain valid for a period of 10 years commencing from 14 August 2009.

30. SHARE OPTION SCHEME *(Continued)*

The exercise price for shares under the Scheme will be a price determined by the Board of Directors and notified to each grantee and will not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant and (iii) the nominal value of the shares.

Pursuant to an ordinary resolution passed in Extraordinary General Meeting ("EGM") on 25 February 2015, the refreshment of the 10% Limit (the "Refreshment") was proposed and passed by shareholders. The total number of the shares which may be issued upon exercise of the options to be granted under the Refreshment must not exceed 103,680,000 shares, representing 10% of the issued share capital of the Company at the date of the EGM approving the proposed Refreshment.

At the end of the reporting period, options of 103,680,000 shares (2014: 72,000,000 shares) of the Company, represented 10% (2014: 10%) of its issued share capital, are available for issue.

Movements on the number of share options outstanding during the year are as follows:

		Number of options	
	Note	**2015**	2014
At the beginning of the reporting period	*(i)(ii)*	**60,000,000**	6,000,000
Granted during the year	*(iii)*	**72,000,000**	54,000,000
At the end of the reporting period		**132,000,000**	60,000,000
Weighted average exercise price			
At the beginning of the reporting period		**HK$1.58**	HK$0.84
Granted during the year		**HK$1.55**	HK$1.66
At the end of the reporting period		**HK$1.56**	HK$1.58
Exercisable		**HK$1.56**	HK$1.44
Weighted average remaining contractual life		**4.04 years**	4.52 years
Exercisable option at end of the reporting period		**132,000,000**	15,000,000
Range of exercise price for option outstanding		**HK$0.84 – HK$1.66**	HK$0.84 – HK$1.66

30. SHARE OPTION SCHEME *(Continued)*

Note:

(i) On 7 September 2012, options of 6,000,000 shares were granted to Mr. Zhang Huaqiao, a non-executive director of the Company appointed on 7 September 2012, under the Scheme to subscribe the Company's ordinary shares at an exercise price of HK$0.84. The validity period of the share options is five years from 7 September 2012, subject to the following vesting conditions:

- 2,000,000 share options: vested on 6 March 2013;
- 2,000,000 share options: vested on 6 March 2014; and
- 2,000,000 share options: vested on 6 March 2015.

(ii) On 19 November 2013, options of 6,000,000 and 2,000,000 shares were granted to Dr. Cao Guoqi and Mr. Fung Weichang respectively, who are executive directors of the Company appointed on 18 September 2013. In addition, options of 7,500,000 shares were granted to the Group's employees and options of 38,500,000 shares were granted to the Group's business consultants. The share options were granted under the Scheme to subscribe the Company's ordinary shares at an exercise price of HK$1.66. The validity period of the share options is five years from 19 November 2013, subject to the following vesting conditions:

- 11,000,000 share options: vested on 19 November 2013;
- 4,500,000 share options: vested on 19 November 2014; and
- 38,500,000 share options: vested on 27 January 2015, which represented the date when the services are provided and certain performance conditions are achieved.

(iii) On 22 September 2014, options of 8,600,000 shares were granted to Mr. Xiong Wensen, who is an executive director of the Company appointed on 3 June 2014. In addition, options of 63,400,000 shares were granted to the Group's employees and service providers. The share options were granted under the Scheme to subscribe the Company's ordinary shares at an exercise price of HK$1.55 per share. These share options are immediate vested upon grant date on 22 September 2014.

30. SHARE OPTION SCHEME *(Continued)*

<Remark>

The fair values of (i) share options granted on 7 September 2012, 19 November 2013 and 22 September 2014 and (ii) the fulfillment of the performance conditions on 22 September 2014 and 27 January 2015 are calculated using the Binomial Option Pricing Model, with the following key inputs:

	Date of grant			Date of performance conditions fulfilled	
	7 September 2012	**19 November 2013**	**22 September 2014**	**22 September 2014**	**27 January 2015**
Fair value (HK$)	HK$0.4285	HK$0.56, HK$0.67, HK$0.80, HK$0.83	HK$0.6959	HK$0.4736	HK$0.375
Share price at grant/fulfillment date (HK$)	HK$0.84	HK$1.64	HK$1.40	HK$1.40	HK$1.13
Exercise price (HK$)	HK$0.84	HK$1.66	HK$1.55	HK$1.55	HK$1.66
Expected volatility	58.78%	70.00%	78.34%	78.34%	58.09%
Risk-free interest rate	0.291%	1.087%	0.642%	0.642%	0.893%
Expected dividends	Nil	Nil	Nil	Nil	Nil
Voluntary exercise boundary multiple	2.47	1.60-2.47	2.47	1.60	1.00

The expected volatility was determined on the historical volatility of the Company's share prices.

In the opinion of the Directors, the fair value of the services provided by the service providers cannot be estimated reliably because those services provided are contingent to the occurrence of certain specific events of the Group without comparable transaction values in the market accordingly, the Group measured the services provided, by reference to the fair value of the share options granted accordingly, at the date of services provided and performance conditions fulfilled on 22 September 2014 and 27 January 2015, respectively.

During the year ended 31 March 2015, with reference to the fair value of the share options, the Group recognised approximately HK$53,503,000 (2014: approximately HK$9,499,000) as the equity-settled share-based payment expenses.

31. CASH GENERATED FROM (USED IN) OPERATIONS

	2015	2014
	HK$'000	*HK$'000*
Loss before tax	**(62,757)**	(1,298)
Share of result of joint ventures	**1,167**	–
Share of result of associates	**1,519**	–
Amortisation	**57**	–
Depreciation	**2,559**	1,097
Loss on disposal of property, plant and equipment	**15**	–
Foreign exchange differences	**(2,752)**	(1,482)
Finance costs	**2,534**	37
Interest income	**(6,265)**	(128)
Equity-settled share-based payment expenses	**53,503**	9,499
Changes in working capital:		
Restricted bank balances	**38,782**	(3,141)
Trade and other receivables	**114,529**	(13,581)
Trade and other payables	**(38,610)**	(31,133)
Cash generated from (used in) operations	**104,281**	(40,130)

32. ACQUISITION OF SUBSIDIARIES

Acquisition during the year ended 31 March 2015

On 23 September 2014, upon completion of the acquisition of 33% interest in Beijing Weike and its 90%-owned subsidiary, Open Union (collectively referred as to the "Beijing Weike Group"), which are engaged in the issuance and acceptance of prepaid cards and the provision of internet payment service, through the Structured Agreements with Shanghai Yongle (as detailed in Note 14(b)), at an aggregated cash consideration of RMB156,000,000 (equivalent to approximately HK$196,076,000) (the "Beijing Weike JV Transaction"), Beijing Weike is classified as a joint venture of the Group and accounted for in the Group's consolidated financial statements under the equity method. Details of the Beijing Weike JV Transaction are set out in the Company's circular dated 1 September 2014.

After completion of the Beijing Weike JV Transaction, Beijing Weike, the shareholder of Beijing Weike, Shanghai Yongle, the shareholders of Shanghai Yongle and Shenzhen Yongle also entered into an option framework agreement on the proposed exercise of the call option to acquire the remaining 67% interest in Beijing Weike by Shanghai Yongle (the "Beijing Weike Acquisition").

Upon completion of the Beijing Weike Acquisition on 27 January 2015, Shenzhen Yongle, through Shanghai Yongle, acquired the remaining 67% interest in Beijing Weike at an aggregated consideration of RMB312,000,000 (equivalent to approximately HK$392,152,000) which was settled by cash.

Upon completion of the Beijing Weike Acquisition, Shenzhen Yongle, through Shanghai Yongle, holds 100% interest in Beijing Weike and Beijing Weike is classified as a subsidiary of the Group as detailed in Note 14(b). Details of the Beijing Weike Acquisition are set out in the Company's circular dated 29 December 2014.

32. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition during the year ended 31 March 2015 *(Continued)*

The following summarises the fair values of the consideration paid, the assets acquired and the liabilities assumed of the Beijing Weike Group on 27 January 2015:

	HK$'000
Consideration:	
Cash paid for the Beijing Weike Acquisition	**392,152**
Fair value of 33% interest of Beijing Weike held by the Group before the business combination, which approximates the carrying amount of the Group's interest in Beijing Weike on 27 January 2015	**195,042**
Total consideration transferred	**587,194**

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Investment in a joint venture	**7,772**
Investment in an associate	**4,927**
Property, plant and equipment	**33,342**
Intangible assets	**2,079**
Other investments	**12,569**
Trade and other receivables	**135,727**
Restricted bank balance	**813,752**
Cash and cash equivalents	**6,438**
Trade and other payables	**(803,879)**
Other borrowings, secured	**(87,983)**
Total identifiable net assets	**124,744**
Fair value adjustments on leasehold land and buildings	**5,057**
Deferred tax liabilities on fair value adjustments	**(1,264)**
Total fair values of the identifiable net assets	**128,537**
Non-controlling interests	**(12,772)**
Goodwill arising on acquisition	**471,429**
	587,194

32. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition during the year ended 31 March 2015 *(Continued)*

	HK$'000
Net cash flow on acquisition of the Beijing Weike Group:	
Net cash acquired	**6,438**
Consideration paid for the Beijing Weike JV Transaction	**(196,076)**
Consideration paid for the Beijing Weike Acquisition	**(392,152)**
Less: Deposits of investments paid in previous year	**50,000**
	(531,790)

Except for the leasehold land and buildings with their aggregated fair values higher than the carrying values by RMB4,024,000 (equivalent to approximately HK$5,057,000), the carrying values of all other identifiable net assets (excluding goodwill) of the Beijing Weike Group approximate their fair values at 27 January 2015 given their short term in nature. For the deferred tax liabilities, it is associated with the fair value adjustments on the leasehold land and buildings and is calculated using the enterprise income tax rate in the PRC of 25% on the fair value adjustments.

The non-controlling interests are measured at the present ownership instruments' proportionate share in the recognised amounts of Open Union's identifiable net assets at 27 January 2015.

In respect of the Beijing Weike Acquisition, the fair value of trade and other receivables acquired included trade receivables with a fair value of approximately HK$3,545,000. The total gross contractual amount of the trade receivables is approximately HK$3,545,000, of which no balance is expected to be uncollectible.

The goodwill arising from the Beijing Weike Acquisition is attributable to (i) the Beijing Weike Group's licenses for the operation of the prepaid cards business and the internet payment business and (ii) the growth and profit potential as a result of benefiting from the growing demand in the prepaid cards and the internet payment businesses. However, in the opinion of the Directors, the fair values of the licenses and the growth and profit potential cannot be reasonably estimated and thus no individual intangible assets have been recognised. None of the goodwill recognised is expected to be deductible for income tax purpose.

Since acquisition and up to 31 March 2015, the acquired business has contributed approximately HK$7,584,000 and approximately HK$3,247,000 to the revenue and loss of the Group respectively. If the business combination effected during the year ended 31 March 2015 had been taken up at 1 April 2014, the consolidated revenue and loss for the Group would have been approximately HK$364,131,000 and HK$57,295,000 respectively.

Acquisition during the year ended 31 March 2014

On 20 January 2014, the Group acquired the entire equity interest in MCONE (the "MCONE Acquisition"), which is engaged in cross-border e-commerce solution business at an aggregate consideration of HK$2,500,000. As a result of the MCONE Acquisition, the Group is expected to expand from its core business in the operation of electronic payment, trading and settlement platforms. Goodwill arising on the MCONE Acquisition was approximately HK$988,000.

32. ACQUISITION OF SUBSIDIARIES *(Continued)*

Acquisition during the year ended 31 March 2014 *(Continued)*

	HK$'000
Consideration:	
Cash paid/payable	2,500

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment	168
Cash and cash equivalents	106
Trade and other receivables	1,500
Trade and other payables	(262)
Total identifiable net assets	1,512
Goodwill arising on acquisition	988
	2,500

	HK$'000
Net cash flow on acquisition of MCONE:	
Net cash acquired	106
Cash consideration paid	(2,000)
	(1,894)

The remaining consideration for the MCONE Acquisition of HK$500,000 was waived due to non-fulfillment of certain conditions as included in sale and purchase agreements for the MCONE Acquisition and recognised as "other income" in profit or loss for the year ended 31 March 2015.

In respect of the acquired subsidiaries, the fair value of trade and other receivables acquired included trade receivables with fair value of HK$1,500,000. The total gross contractual amount of the trade receivables is HK$1,500,000, of which no balance is expected to be uncollectible.

The goodwill arising from the acquisition is attributable to the growth and profit potential as a result of benefiting from the growing demand in cross-border e-commerce solution business. None of the goodwill recognised is expected to be deductible for income tax purposes.

Since acquisition and up to 31 March 2014, the acquired business has contributed approximately HK$34,150,000 and HK$2,216,000 to the revenue and profit of the Group respectively. If the business combination effected during the year had been taken up at 1 April 2013, the consolidated revenue and loss of the Group for the year ended 31 March 2014 would have been approximately HK$175,485,000 and HK$6,199,000 respectively.

33. CONNECTED AND RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in these consolidated financial statements, the Group had no further significant connected and related party transactions during the years ended 31 March 2015 and 2014.

34. COMMITMENTS

Commitments under operating leases

The Group leases a number of office premises under operating leases, which typically run for a period of 2 to 3 years. None of the leases includes contingent rentals.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	The Group		**The Company**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**5,472**	2,453	**1,206**	1,806
In the second to fifth years inclusive	**1,035**	1,147	**333**	766
	6,507	3,600	**1,539**	2,572

Capital expenditure commitments

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

	Group	
	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for, net of deposit paid		
– Purchase of softwares and licenses	**1,314**	–

In addition, on 8 October 2014, Qijun Investments Consultancy and an independent third party entered into an agreement to acquire 10% equity interests of Zhongchao Hismart Information Technology (Beijing) Co., Ltd. ("Zhongchao Hismart", English translation of 中鈔海思信息技術(北京)有限公司 for identification purpose only) together with the system development on customer consumption behaviour analysis at the aggregated consideration of no more than RMB18 million (equivalent to approximately HK$23 million). At 31 March 2015, deposits of RMB5 million (equivalent to approximately HK$6.3 million) had been paid and reported as "deposits on investments" as set out in Note 20. Such transaction is yet to be completed at the date of approving these consolidated financial statements.

Zhongchao Hismart is principally engaged in digitalisation of currency and the provision of information solutions, in particular the application of payment technology solutions, especially application technology in multiple sectors, such as finance, transportation, tourism, commercial, retail etc. in the PRC.

35. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's principal financial instruments comprise preference shares issued by a non-wholly owned subsidiary, restricted and unrestricted bank balances and cash, other investments and other borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are (i) foreign currency risk, (ii) interest rate risk, (iii) credit risk and (iv) liquidity risk. The Group does not have any written risk management policies and guidelines. However, the executive directors meet regularly and co-operate closely with key management to identify and evaluate risks and generally adopt conservative strategies on its risk management and limit the Group's exposure to these risks to a minimum as follows:

(i) Foreign currency risk

The Group mainly operates in Hong Kong, the PRC and Thailand with majority of business transactions being denominated and settled in HK$, RMB and Baht, which are the functional currencies of the relevant group entities.

However, as detailed in Note 21, the Group's trade receivables arising from the operation of card acceptance business in Thailand are mainly denominated in US$. The Directors and senior management monitor the related foreign currency risk exposure closely and, pursuant to a written foreign currency hedging policy as approved by the Directors, the Group would only enter into foreign currency forward contracts should needs arise. At 31 March 2015, the Group had no outstanding foreign currency forward contracts for the exchange of US$ with Baht (2014: US$1,000,000 (equivalent to approximately HK$7,758,000)).

At the end of the reporting period, if US$ had strengthened/weakened by 1% (2014: 1%) against Baht with all other variables held constant, the Group's net loss for the year would have been approximately HK$185,000 (2014: approximately HK$172,000) lower/higher, mainly as a result of translation of the US$ denominated financial assets into Baht with a corresponding credit/charge to profit or loss. Such exposure would be largely mitigated by the foreign currency forward contracts as detailed above.

The sensitivity analysis has been determined assuming that the change in foreign exchange rate had occurred at end of the reporting period and had been applied to Group's exposure to currency risk for the financial instruments denominated in US$ in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably daily possible changes in foreign exchange rates.

The Group's operation of card acceptance business involves conversion of US$ denominated funds into Baht on daily basis, the above sensitivity analysis on period-end exposure may be unrepresentative of a risk inherent in the Group's consolidated financial statements for the years.

In addition, as detailed in Note 22 and Note 23, part of the restricted and unrestricted bank balances and cash are denominated either in RMB or Baht. The conversion of RMB and Baht into foreign currencies, including HK$, is subject to the rules and regulations of foreign exchange control promulgated by the PRC and Thailand government, respectively.

35. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk management objectives and policies *(continued)*

(ii) Interest rate risk

The Group's exposure to market risk for changes in interest rates is related primarily to its interest-bearing financial assets and liabilities including bank balances, restricted bank balances funds, other investments and other borrowings.

At the end of the reporting period, if interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's net loss for the year would have been approximately HK$543,000 (2014: approximately HK$140,000) lower/higher.

The Group's sensitivity to interest rates would change in the same direction as the changes in its interest-bearing balances of financial assets and liabilities as mentioned above.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred throughout the reporting period and had been applied to the exposure to interest rate risk for the average balances of the interest-bearing financial assets in existence during the reporting period. The 50 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates.

(iii) Credit risk

Credit risk mainly arises from restricted and unrestricted bank balances and cash, other investments, trade receivables and other receivables. The Group limits its exposure to credit risk by rigorously selecting the counterparties with reference to their past credit history and/or market reputation. The Group's exposure to the maximum credit risk is summarised as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Other investments	**1,955**	–	**–**	–
Trade and other receivables	**101,556**	123,641	**619**	511
Restricted bank balances	**784,002**	9,026	**–**	–
Cash and cash equivalents	**37,577**	47,141	**2,136**	174

The credit risk on other investments, trade and other receivables and restricted and unrestricted bank balances is limited because the counterparties are financial institutions with high credit ratings or recognised and creditworthy third parties and the transactions with them, and any significant transactions with other parties, are approved by the Directors. Management does not expect any counterparty to fail to meet its obligation.

The Group reviews the recoverable amount of each individual debtor, including related and third parties, at the end of each reporting period to ensure adequate impairment losses are made for irrecoverable amounts.

At the end of the reporting period, the Group had a concentration of credit risk as 63% (2014: 66%) and 92% (2014: 99%) of the total trade receivables were made up by the Group's largest customer's and the five largest customers' outstanding balances respectively.

Except for the bank principal-guaranteed funds, none of the Group's financial assets are securitised by collateral or other credit enhancements.

35. FINANCIAL INSTRUMENTS *(continued)*

(a) Financial risk management objectives and policies *(continued)*

(iv) Liquidity risk

Management of the Group aims at maintaining sufficient level of cash and cash equivalents to finance the Group's operations and expected expansion. The Group's primary cash requirements include payments for operating expenses and additions or upgrades of property, plant and equipment. The Group finances its working capital requirements mainly by the funds generated from operations, public fund raisings and inception of other borrowings.

The Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments are summarised below:

	The Group			The Company
	Within one year or on demand	**Upon winding up of OCG Thailand**	**Total**	**Within one year or on demand**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 31 March 2015				
Trade and other payables	**804,315**	**–**	**804,315**	**1,976**
Other borrowings, secured	**92,257**	**–**	**92,257**	**–**
Other long-term liabilities *<Remark>*	**–**	**393**	**393**	**–**
	896,572	**393**	**896,965**	**1,976**
At 31 March 2014				
Trade and other payables	38,631	–	38,631	1,477
Other long-term liabilities *<Remark>*	–	393	393	–
	38,631	393	39,024	1,477

<Remark>

The estimated annual finance cost of other long-term liabilities approximates to Baht148,500 (equivalent to approximately HK$36,000) (2014: Baht148,500 (equivalent to approximately HK$37,000)), which is not included in the above summary.

35. FINANCIAL INSTRUMENTS *(continued)*

(b) Categories of financial instruments

Categories of financial instruments are set out as follows:

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Loans and receivables:				
Trade and other receivables	**101,556**	123,641	**619**	511
Restricted bank balances	**784,002**	9,026	**–**	–
Cash and cash equivalents	**37,577**	47,141	**2,136**	174
	923,135	179,808	**2,755**	685
Available-for-sales financial assets measured at cost less impairment loss:				
Other investments	**1,955**	–	**–**	–
Financial liabilities measured at amortised costs:				
Trade and other payables	**804,315**	38,631	**1,976**	1,477
Other borrowings, secured	**88,466**	–	**–**	–
Other long-term liabilities	**393**	393	**–**	–
	893,174	39,024	**1,976**	1,477

Except for "other investments" which fair value cannot be reliably measured, the above financial assets and financial liabilities which are carried at amounts not materially different from their fair value at 31 March 2015 and 2014.

36. CAPITAL MANAGEMENT

The objectives of the Group's capital management are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The Directors consider the total equity as disclosed in the consolidated statement of financial position as the Group's capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders. No changes were made in the objectives, policies or processes during the years ended 31 March 2015 and 2014.

37. EVENTS AFTER THE REPORTING PERIOD

(a) In April 2015, the Company entered into the subscription agreements with two independent third parties to subscribe convertible bonds in the principal amount of US$10 million (equivalent to approximately HK$77.55 million) (the "First Subscription") and US$10 million (equivalent to approximately HK$77.55 million) (the "Second Subscription"), respectively, which are due on 30 April 2018 and could convert into a maximum of 41,918,918 and 41,918,918 ordinary shares of the Company, respectively. The First Subscription and the Second Subscription were placed on 27 April 2015. The net proceeds from the First Subscription and the Second Subscription were approximately US$9.98 million (equivalent to approximately HK$77.40 million) and US$9.85 million (equivalent to approximately HK$76.39 million), respectively. The net prices per conversion share under the First Subscription and the Second Subscription to be issued are approximately HK$1.846 and HK$1.822, respectively.

The Company had received conversion notices from bondholders to exercise their conversion rights in the First Subscription and Second Subscription and those convertible bonds were fully converted into 41,918,918 and 41,918,918 ordinary shares of the Company, respectively, on 12 June 2015.

(b) In April 2015, the Company entered into the placing agreements with not less than six placees, who are independent third parties, to place convertible bonds in the principal amount of US$20 million (equivalent to approximately HK$155.1 million) (the "April 2015 Placing") which are due on 30 April 2018 and could convert into a maximum of 83,837,837 ordinary shares of the Company. The April 2015 Placing was completed on 30 April 2015. The net proceeds from the April 2015 Placing were approximately US$19.64 million (equivalent to approximately HK$152.31 million). The net price per conversion share under the April 2015 Placing to be issued is approximately HK$1.817.

The Company had received conversion notices from bondholders to exercise their conversion rights in the April 2015 Placing in respect of the principal amount of US$8.5 million (equivalent to approximately HK$65.9 million) and those convertible bonds were converted into 35,631,081 ordinary shares of the Company on 17 June 2015. For the remaining convertible bonds of the principal amount of US$11.5 million (equivalent to approximately HK$89.2 million), upon fulfilled the mandatory conversion terms as set out in the placing agreements, the Company had provided the notices to the bondholders to mandatorily converted all remaining convertibles bonds which were converted into 48,206,756 ordinary shares of the Company on 22 June 2015.

37. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(c) On 20 April 2015, Firm Idea Limited, a wholly owned indirect subsidiary of the Company, entered into a sale and purchase agreement with five independent third parties (the "Vendors") in respect of both agree to acquire/sell the entire equity interest of AE Investment Consulting Limited (the "AE Acquisition"). AE is primarily engaged in the issuance and sales of prestige benefits cards to premium consumers and financial institutions.

The total initial consideration is HK$300 million and to be satisfied by the Group as follows:

(i) HK$1 million had been paid in cash as non-refundable deposits immediately upon the signing of the sale and purchase agreement;

(ii) HK$36.5 million to be paid in cash on the completion date;

(iii) HK$137.5 million to be paid in cash within 5 days after the completion date;

(iv) HK$54 million to be settled by the allotment of the consideration shares of the Company at a price of HK$2.15 per share within one month after the issuance of the 2015 audited financial statements of AE; and

(v) HK$71 million to be settled by the allotment of the consideration shares of the Company at a price of HK$2.15 per share within one month after the issuance of the 2016 audited financial statements of AE.

The initial consideration is subject to adjustments on the basis of the following performance targets as stated in the sale and purchase agreement in respect of the AE Acquisition:

(i) the audited operating profit after tax for year 2015 ("2015 Net Profit") shall not be less than RMB30,000,000 (the "2015 Performance Target"); and

(ii) the audited operating profit after tax for year 2016 ("2016 Net Profit") shall not be less than RMB40,000,000 (the "2016 Performance Target" and together with the 2015 Performance Target, the "Performance Targets").

In the event that the 2015 Net Profit and the 2016 Net Profit shall be less than the 2015 Performance Target and the 2016 Performance Target, respectively, the abovementioned consideration shares shall be adjusted in accordance with the formula as set out in the Company's circular dated 12 June 2015.

In addition, on 20 April 2015, the Company also entered into the subscription agreement with the Vendors to issue and subscribe 63,953,488 ordinary shares of the Company at the subscription price of HK$2.15 per share.

Upon the completion of the AE Acquisition, AE and its subsidiaries will be consolidated in the Group's consolidated financial statements as if they were subsidiaries of the Group pursuant to certain structured agreements to be executed. Details of the AE Acquisition and the subscription of shares are set out in the Company's circular dated 12 June 2015.

The proposed resolutions regarding the AE Acquisition together with the allotment of the consideration shares and the subscription of shares are subjected to approval in the Extraordinary General Meeting to be held on 29 June 2015.

37. EVENTS AFTER THE REPORTING PERIOD *(continued)*

(d) On 21 April 2015, the Company granted the executive directors including Mr. Zhang Huaqiao, Dr. Cao Guoqi, Mr. Xiong Wensen and Mr. Song Xiangping and certain eligible persons for 35,000,000 share options and 68,680,000 share options, respectively, to subscribe a total of 103,680,000 ordinary shares of the Company at the exercise price of HK$2.20 per share. The total of 103,680,000 share options granted shall be exercisable for a period of five years from the date of grant.

The proposed resolution regarding the share options is subject to the shareholders' approval in the Extraordinary General Meeting to be held on 29 June 2015.

Financial Summary

A summary of the Group's results for the last five financial years and the assets and liabilities of the Group as at 31 March 2015, 2014, 2013, 2012 and 2011, as extracted from the published audited financial statements for the years ended 31 March 2015, 31 March 2014, 31 March 2013, 31 March 2012 and 31 March 2011, is set out below. The amounts as set out in this financial summary are prepared as if the current structure of the Group had been in existence throughout the years presented.

	2015	**2014**	**2013**	**2012**	**2011**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
RESULTS					
Revenue	**333,388**	148,475	84,575	22,569	14,102
Cost of services rendered and cost of goods sold	**(270,289)**	(112,536)	(57,356)	(15,254)	(8,696)
Gross profit	**63,099**	35,939	27,219	7,315	5,406
Other income	**858**	128	60	197	212
General administrative expenses	**(113,972)**	(34,428)	(14,130)	(7,545)	(7,197)
Selling and distribution costs	**(7,522)**	(2,900)	(2,884)	(961)	(694)
Finance costs	**(2,534)**	(37)	(33)	(31)	(31)
Share of result of joint ventures	**(1,167)**	–	–	–	–
Share of result of associates	**(1,519)**	–	–	–	–
(Loss) Profit before taxation	**(62,757)**	(1,298)	10,232	(1,025)	(2,304)
Income tax expense	**(7,740)**	(6,403)	(5,166)	(1,292)	(544)
(Loss) Profit for the year	**(70,497)**	(7,701)	5,066	(2,317)	(2,848)
Attributable to:					
Equity holders of the Company	**(78,232)**	(17,762)	(500)	(3,232)	(3,333)
Non-controlling interest	**7,735**	10,061	5,566	915	485
	(70,497)	(7,701)	5,066	(2,317)	(2,848)
ASSETS, LIABILITIES					
Total assets	**1,483,749**	184,116	97,545	26,788	26,983
Total liabilities	**(899,381)**	(41,525)	(79,074)	(9,977)	(7,202)
Net assets	**584,368**	142,591	18,471	16,811	19,781