Capital Finance Holdings Limited

首都金融控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8239)

ANNUAL REPORT

2015

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BUILDING

EXCEPTIONAL VALUE

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CORPORATE INFORMATION

BOARD

Executive Directors

Mr. Zhang Wei *(Chairman and Chief Executive Officer)*
Mr. Wong Wai Sing *(Vice-chairman)*
Mr. Han Jianli

Independent Non-Executive Directors

Mr. Chen Yihua
Mr. Du Hui
Ms. Sze Sau Wan

BOARD COMMITTEES

Audit Committee

Ms. Sze Sau Wan *(Chairman)*
Mr. Chen Yihua
Mr. Du Hui

Remuneration Committee

Mr. Du Hui *(Chairman)*
Mr. Wong Wai Sing
Mr. Chen Yihua
Ms. Sze Sau Wan

Nomination Committee

Mr. Chen Yihua *(Chairman)*
Mr. Zhang Wei
Mr. Wong Wai Sing
Mr. Du Hui
Ms. Sze Sau Wan

COMPLIANCE OFFICER

Mr. Han Jianli

COMPANY SECRETARY

Ms. Kwok Ka Huen

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

AUDITOR

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

COMPANY WEBSITE

http://www.capitalfinance.hk

STOCK CODE

8239

CHAIRMAN'S STATEMENT

Dear Shareholders,

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

The financial year end date of the Company has been changed from 31 March to 31 December starting from the financial year 2015 in order to align with the Company's financial year end date with its operating companies in the People's Republic of China (the "PRC") thereby streamlining the preparation of the Company's financial reporting process. Therefore, the current financial period covers a period of nine months from 1 April 2015 to 31 December 2015.

China experienced a slower pace of economic growth in 2015, the Group actively optimised the structure of short-term financing by performing effective risk management, introducing a third-party risk assessment mechanisms, strengthening the existing customer relationships and encouraging business innovation to develop new customers. Although the competition in the software industry is intense with uncertainty on internet finance customers, Beijing Auto-serve Software Company Limited ("Auto-serve"), a software company principally engaged in providing various software and online platform for quasi-financial enterprises which was acquired in March 2015, has contributed positively to the operating result of the Group. Combining the Group's experience and competitive advantage in the short-term financing industry, the Group is well positioned to overcome ongoing challenges.

In order to strengthen the Group's core competencies, enhance the Group's liquidity, sufficiency and profitability, the Group has performed reorganisation and transformation of the business structure in this financial period which include the disposal of its entire equity interest of the property investments business on 10 July 2015, and the disposal of its entire equity interest of the coal trading business on 31 December 2015 with a gain on disposals amounted to approximately HK$1,645,000 and HK$4,373,000 respectively.

On 12 August 2015, the Legislative Affairs Office of the State Council issued the "Regulations of Non-Deposit Loan Organisations (Opinion draft)" (《非存款類放貸組織條例》(徵求意見稿)), the Government of PRC intends to widen the scope for licensed lending institutions to cover more geographical areas and financing sources. At the same time, the People's Bank of China, China Banking Regulatory Commission, China Securities Regulatory Commission, China Insurance Regulatory Commission and National Bureau of Statistics of the PRC have issued the Enterprise Classification Standard of the Financial Industry (《金融業企業劃型標準規定》) in late 2015 that classifies micro-financing services and pawn loan services as recognised financial institutions. These policies will be favourable for the micro-financing and pawn loan industries and present a new era of development opportunities to the Group.

CHAIRMAN'S STATEMENT

Looking ahead to 2016, the global business environment is expected to be complex and continue to create challenging operating conditions for businesses. The PRC economy is expected to continue to deteriorate with a lower GDP growth rate. However, the Group will continue to leverage on its competitive advantage, solidify and further develop its short-term financing services. Apart from strengthening the present Beijing market, the Group will further expand its businesses in Shenyang, Hong Kong, and the other cities. The Group will seek new development opportunities so as to offer various financial products to our customers at the right time. In addition, the Group is committed to become an integrated financial services provider, and will continue to actively explore the opportunities to co-operate with various financial institutions in the future.

APPRECIATION

I would like to take this opportunity to express my sincere gratitude and appreciation to my fellow directors for their support and wise counsel, and to thank all of our staff for their dedication, enthusiasm and hard work. I would also like to thank all of our customers, suppliers, business partners, and shareholders for their unwavering confidence and support over the years.

Mr. Zhang Wei
Chairman

Hong Kong, 11 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

The financial year end date of the Company has been changed from 31 March to 31 December starting from the financial year 2015 in order to align with the Company's financial year end date with its operating companies in the People's Republic of China (the "PRC") thereby streamlining the preparation of the Company's financial reporting process. Therefore, the current financial period covers a period of nine months from 1 April 2015 to 31 December 2015 which may not be entirely comparable with last years results which cover a period of twelve months.

Capital Finance Holdings Limited and its subsidiaries are principally engaged in (i) short-term financing services in the PRC and Hong Kong; (ii) business of development and sales of enterprises software and provision of software maintenance and support services for financial sectors in the PRC. The Group was also engaged in (i) property investments in Hong Kong; and (ii) business of coal trading between the PRC and Indonesia which were discontinued during the current period as disclosed in Note 10 to the consolidated financial statements.

The Group recorded total revenue for the nine months ended 31 December 2015 of approximately Hong Kong dollar ("HK$") 120,905,000 (year ended 31 March 2015: approximately HK$123,596,000) from continuing operations representing a slight decrease of approximately HK$2,691,000 as compared with last year. The short-term financing services business and development and sales of software business were acquired in June 2014 and March 2015 respectively, which contributed revenue of approximately HK$103,395,000 (year ended 31 March 2015: approximately HK$122,589,000) and approximately HK$17,510,000 (year ended 31 March 2015: approximately HK$1,007,000) respectively. The gross profit of the Group for the nine months ended 31 December 2015 was approximately HK$118,133,000 (year ended 31 March 2015: approximately HK$123,596,000).

The administrative and other expenses for the nine months ended 31 December 2015 from continuing operations has slightly decreased from approximately HK$56,534,000 in the year ended 31 March 2015 to approximately HK$54,930,000.

The significant increase in profit attributable to the owners of the Company for the nine months ended 31 December 2015 by approximately HK$978,988,000 to approximately HK$19,000,000 (year ended 31 March 2015: a substantial loss of approximately HK$959,988,000) was mainly attributable to the combined effects of:

(i) no non-cash impairment loss on goodwill and fair value loss on contingent consideration – convertible bonds in relation to the short-term financing services cash generating unit were recorded for the nine months ended 31 December 2015, while losses of approximately HK$538,480,000 and approximately HK$398,496,000 were recorded, respectively, for the year ended 31 March 2015.

(ii) no non-cash fair value loss on an investment property was recorded for the nine months ended 31 December 2015 while a non-cash fair value loss on an investment property of approximately HK$51,000,000 was recorded for the year ended 31 March 2015.

(iii) increase in non-cash fair value gain on contingent consideration – consideration shares in relation to the acquisition of the Auto-serve Group from approximately HK$11,250,000 for the year ended 31 March 2015 to approximately HK$25,574,000 for the nine months ended 31 December 2015.

(iv) increase in non-cash impairment loss on goodwill of the Auto-serve Group from approximately HK$7,605,000 for the year ended 31 March 2015 to approximately HK$33,878,000 for the nine months ended 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINUING OPERATIONS

Short-term Financing Services

During the nine months ended 31 December 2015, the revenue of short-term financing services was approximately HK$103,395,000 (year ended 31 March 2015: approximately HK$122,589,000). The decrease in revenue was mainly attributable to the seasonal effects of the short-term financing business since the peak season of this business normally occurs two to three months before Chinese New Year, however due to the change of the financial year end date of the Company in the current period, the current financial period does not cover the peak season of the business. In addition, the decrease of the benchmark interest rate of loans of the People's Bank of China and the slowdown of the economic development in the PRC also led to the decrease of revenue of this business segment. The segment results of the short-term financing services recorded a profit of approximately HK$77,280,000 (year ended 31 March 2015: loss of approximately HK$437,353,000). The significant increase in segment profit for the nine months ended 31 December 2015 when compared with last year was mainly attributable to no non-cash impairment loss on goodwill of the short-term financing services business was recorded for the nine months ended 31 December 2015, while impairment loss of approximately HK$538,480,000 was recorded for the year ended 31 March 2015.

Development and Sales of Software

The acquisition of the Auto-serve Group was completed on 13 March 2015. Since then, the Group has entered into the business of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC.

During the nine months ended 31 December 2015, the revenue and segment results of the development and sales of software segment were approximately HK$17,510,000 (year ended 31 March 2015: approximately HK$1,007,000) and loss of approximately HK$29,074,000 (year ended 31 March 2015: approximately HK$6,546,000) respectively. The significant increase in revenue was mainly attributable to a full nine months results was incorporated into the Group's financial results for the current period, while revenue of this segment for approximately nineteen days was recorded in last year.

DISCONTINUED OPERATIONS

Property Investments

The investment property was vacant and it has been used by the Group to secure a bank loan bearing floating rate for the period from 1 April 2015 to 9 June 2015. In view of the uncertainty in receiving rental income in the near future, and the possibility of increase in bank loan interest rate due to the expected ending of the persistent low interest rate environment, the Board considered that the disposal of the investment property of the Group presented a good opportunity for the Group to realise its investment with a gain and to reduce bank borrowings of the Group.

On 9 June 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Foremost Star Investments Limited ("Foremost Star", together with its subsidiary are referred to as the "Foremost Star Group") to an independent third party at a consideration of HK$52,000,000. The Foremost Star Group carried out all of the Group's property investments operation. Accordingly, the Group's property investments operation was classified as discontinued operations. Details of the disposal are set out in the Company's announcement dated 9 June 2015. The disposal was completed on 10 July 2015.

The property was vacant during the nine months ended 31 December 2015 while it generated rental income of approximately HK$1,770,000 during the year ended 31 March 2015. This segment recorded a profit of approximately HK$1,499,000 (year ended 31 March 2015: loss of approximately HK$50,988,000) due to the recognition of gain on disposal of Foremost Star Group of approximately HK$1,645,000 during the nine months ended 31 December 2015 while the loss resulted for last year was mainly due to a non-cash fair value loss on an investment property of approximately HK$51,000,000.

DISCONTINUED OPERATIONS *(Continued)*

Coal Trading

In view of the coal trading business has tied up huge financial resources of the Group, yet it was loss making for the two financial years ended 31 March 2014 and 2015 and this may not be improved in the near future due to the downward trend of the selling price per metric tonne of coal sold, the Board considered the disposal to be a good opportunity for the Group to realise the investment and allow the Group to devote more time and resources in developing other existing businesses.

On 14 July 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Star Coal International Investment Company Limited ("Star Coal", together with its subsidiaries are referred to as the "Star Coal Group") to an independent third party at a consideration of HK$54,000,000. The Star Coal Group carried out all of the Group's coal trading operation. Accordingly the Group's coal trading operation was classified as discontinued operations. Details of the disposal are set out in the Company's circular dated 6 August 2015. The disposal was completed on 31 December 2015.

During the nine months ended 31 December 2015, revenue of coal trading business decreased by approximately HK$46,288,000 to approximately HK$29,093,000 (year ended 31 March 2015: approximately HK$75,381,000), The decrease in revenue for the nine months ended 31 December 2015 was mainly due to the decrease of transaction volume and average selling price during the current period. However, the Group was able to maintain its gross profit margin. The segment results of coal trading recorded a profit of approximately HK$5,728,000 (year ended 31 March 2015: loss of approximately HK$9,377,000) due to the recognition of gain on disposal of Star Coal Group of approximately HK$4,373,000 during the nine months ended 31 December 2015.

Prospects

Looking ahead to 2016, the global business environment is expected to be complex and continue to create challenging operating conditions for businesses. The PRC economy is expected to continue to deteriorate with a lower GDP growth rate. However, the Group will continue to leverage on its competitive advantage, solidify and further develop its short-term financing services. Apart from strengthening the present Beijing market, the Group will further expand its businesses in Shenyang, Hong Kong, and the other cities. The Group will seek new development opportunities so as to offer various financial products to our customers at the right time. In addition, the Group is committed to become an integrated financial services provider, and will continue to actively explore the opportunities to co-operate with various financial institutions in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had total bank borrowings of approximately HK$4,775,000 denominated in Renminbi ("RMB") (31 March 2015: approximately HK$43,113,000 denominated in HK$ and RMB) and other debts comprising promissory notes and liability component of convertible bonds of approximately HK$510,810,000 (31 March 2015: approximately HK$521,317,000). All the bank borrowings were obtained on secured basis. The Group will try to obtain future financing, and whenever possible and appropriate, raise fund via equity funding activities in order to further reduce the financing cost.

As at 31 December 2015, the Group had cash and cash equivalents of approximately HK$119,091,000 (31 March 2015: approximately HK$48,721,000) which were mainly denominated in HK$ and RMB. To manage liquidity risk, management monitors forecasts of the Group's liability position and cash and cash equivalent position on the basis of expected cash flow. The Group expects to fund the future cash flow needs through internally generated cash flows from operations.

The capital commitment of RMB3,500,000 (equivalent to approximately HK$4,426,000) as at 31 March 2015 for the further investment in 瀋陽金融商貿開發區互聯小額貸款有限公司 (Shenyang Hulian Micro-financing Company Limited*) ("Shenyang Hulian") (as disclosed in Note 35 to the consolidated financial statements) has been settled during the nine months ended 31 December 2015. Save as aforesaid or as otherwise disclosed herein, the Group had no other material capital commitment as at 31 December 2015.

* *English name is for identification purpose only.*

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

As at 31 December 2015, the gearing ratio for the Group was approximately 1.93 (31 March 2015: 2.27), calculated based on the total debts (comprising bank borrowings and other debts) of approximately HK$515,585,000 over shareholder's equity of approximately HK$267,586,000. The debt ratio was approximately 0.68 (31 March 2015: approximately 0.75), calculated as total liabilities over total assets 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 sell assets to reduce debt.

CAPITAL STRUCTURE

The capital structure of the Group and fund raising activities during the nine months ended 31 December 2015 are summarised as follows:

(i) *Bank Borrowings*

As at 31 December 2015, the bank borrowings denominated in RMB of approximately HK$4,775,000 (31 March 2015: HK$30,980,000) bears a fixed interest rate of 6.0% (31 March 2015: 6.7%) per annum and is secured by a corporate guarantee given by an independent third party at a fee charged.

As at 31 March 2015, a long-term bank borrowing denominated in approximately HK$12,133,000 bore a floating interest rate and was secured by the Group's investment property and a corporate guarantee given by the Company, such loan had been fully settled by the proceeds received from the disposal of Foremost Star Group during the nine months ended 31 December 2015. In addition, the Group had another short-term bank borrowing of approximately HK$30,980,000 dominated in RMB which bore a fixed interest rate of 6.7% per annum and was secured by a corporate guarantee given by an independent third party at a fee charged, which had been fully settled during the nine months ended 31 December 2015.

(ii) *Promissory Notes*

As at 31 March 2015, the Company had 2 series of promissory notes issued as part of consideration for the acquisition of the Prima Finance Group outstanding. During the nine months ended 31 December 2015, an 8% promissory note in the principal amount of HK$4,000,000 issued on 25 June 2014 and an 8% promissory note in the principle amount of HK$15,000,000 issued on 6 February 2015 were early redeemed by the Company through use of the proceeds from the disposal of Foremost Star Group and Star Coal Group respectively. As at 31 December 2015, the Company had outstanding promissory notes in the principal amount of HK$35,000,000 issued on 6 February 2015. Summary of the promissory notes are as follows. Further details are set out in Note 25 to the consolidated financial statements.

Date of issue	Principal amount (HK$)	Interest rate per annum	Principal repayment due date	Redeemed principal amount (HK$)	Outstanding principal amount (HK$)
25 June 2014	4,000,000	8%	25 June 2019	4,000,000	–
6 February 2015	50,000,000	8%	6 February 2020	15,000,000	35,000,000

CAPITAL STRUCTURE *(Continued)*

(iii) Convertible Bonds

As at 31 March 2015, the Company had 2 series of non-interest bearing convertible bonds issued as part of consideration of the acquisition of the Prima Finance Group outstanding. During the nine months ended 31 December 2015, convertible bonds in the principal amount of HK$33,000,000 have been converted into new ordinary shares of the Company. Below is the summary of the movement of the convertible bonds during the nine months ended 31 December 2015. Further details are set out in Note 26 to the consolidated financial statements.

Date of issue	Principal amount (HK$)	Maturity Date	Conversion Price per share	Amount converted into shares during the period (HK$)	Balance (HK$)	Number of Shares to be issued upon full conversion
25 June 2014	420,200,000	24 June 2019	HK$0.35	33,000,000	387,200,000	1,106,285,714
6 February 2015	236,000,000	5 February 2020	HK$0.35	–	236,000,000	674,285,714

(iv) Subscription of New Shares Under Existing General Mandate

The Group has raised fund via issue of new shares under the subscription agreement during the nine months ended 31 December 2015.

Details of the subscription of shares during the nine months ended 31 December 2015 and the use of the proceeds are set as below:

Date and particulars of the subscription	Net proceeds raised (approximately) (HK$)	Intended use of proceeds	Actual use of proceeds (approximately)
Subscription of 29,270,000 new shares under general mandate on 12 June 2015 at a subscription price of HK$0.41 per share	11,870,000	(i) Payment of interest which due on 25 June 2015 for the promissory note in principal amount of HK$4,000,000; and (ii) as general working capital of the Group.	(i) HK$320,000 had been used for the settlement of interest of the promissory note and; (ii) HK$8,236,000 had been used as general working capital.

Details of the subscription of shares are set out in the announcements of the Company dated 12 June 2015 and 24 June 2015. Details of the shares issued during the nine months ended 31 December 2015 are set out in Note 29 to the consolidated financial statements.

SIGNIFICANT INVESTMENTS AND DISPOSALS OF SUBSIDIARIES

Disposals

(i) Discloseable Transaction in Relation to the Disposal of the Entire Equity Interest and Shareholder's Loan of Foremost Star

On 9 June 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Foremost Star to an independent third party at a consideration of HK$52,000,000. The Foremost Star Group carried out all of the Group's property investments operation. Accordingly, the Group's property investments operation was classified as a discontinued operation. Details of the disposal are set out in the Company's announcements dated 9 June 2015 and 10 July 2015. The disposal was completed on 10 July 2015.

No significant fair value change in the investment property as indirectly owned by Foremost Star is recognised for the nine months ended 31 December 2015. (year ended 31 March 2015: Fair value loss of approximately HK$51,000,000).

Details of such disposal are also set out in Note 32 to the consolidated financial statements.

(ii) Major Transaction in Relation to the Disposal of the Entire Equity Interest and Shareholder's Loan of Star Coal

On 14 July 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Star Coal to an independent third party at a consideration of HK$54,000,000. The Star Coal Group carried out all of the Group's coal trading operation. Accordingly, the Group's coal trading operation was classified as a discontinued operation. Details of the disposal of the Star Coal Group are set out in the announcements of the Company dated 14 July 2015, 24 August 2015, 28 August 2015, 30 September 2015, 30 October 2015, 30 November 2015 and 31 December 2015 and the circular of the Company dated 6 August 2015. The disposal was completed on 31 December 2015.

Details of such disposals are also set out in Note 32 to the consolidated financial statement.

Significant Investments

During the nine months ended 31 December 2015, further capital injection of approximately HK$4,085,000 (equivalent to RMB3,500,000) was made to Shenyang Hulian, a company which the Group holds 7% equity interest. Save as aforesaid or as otherwise disclosed herein, there was no other significant investment made during the nine months ended 31 December 2015.

CHARGE OF GROUP ASSETS

As at 31 December 2015, the Group did not have any assets under charged while as at 31 March 2015, the Group's investment property with a carrying value of approximately HK$50,000,000 was pledged to secure the long-term bank borrowings of the Group of approximately HK$12,133,000.

FOREIGN EXCHANGE EXPOSURE

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

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

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

ADVANCE TO AN ENTITY

On 29 December 2015, the Group entered into an entrusted loan agreement with 北京銀行股份有限公司 (Bank of Beijing Co., Ltd.*) (the "Lending Bank") and 北京建興泰建設科技有限責任公司 (Beijing Jianxingtai Construction and Technology Co., Ltd.*) (the "Borrower") pursuant to which the Group entrusted the Lending Bank with an amount of RMB76,000,000 (equivalent to approximately HK$90,721,000) for the purpose of lending the same to the Borrower for a period of 12 months at an interest rate of 17.4% per annum with interest payable on a monthly basis and the principal amount at the end of the loan period (the "Transaction"). Subsequent to 31 December 2015 and up to the date of this report, RMB42,000,000 (equivalent to approximately HK$50,135,000) was drawn by the Borrower.

Details of the Transaction are set out in the announcement of the Company dated 29 December 2015.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 13 January 2015, 23 January 2015, and 13 March 2015 (the "Announcements") in relation to, among others, the acquisition of Sale Equity in the Auto-serve Group, which involves the issue of Consideration Shares under General Mandate. Unless the context requires otherwise, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

On 2 March 2016, the Company received the auditors' certificate confirming that the Actual Aggregated Profit for the year ended 31 December 2015 is approximately RMB5,287,000, and the Adjusted 2015 Earn Out Consideration Shares to be approximately 26,512,000 shares of the Company. As disclosed in the Announcements, subject to the Actual Aggregated Profit of the Auto-serve Group for the year ended 31 December 2015, the Company shall pay Vendor C and Vendor D (or their nominee(s)) the Earn Out Consideration Shares pursuant to the Agreement (as amended and supplemented by the Supplemental Agreement).

* *English name is for identification purpose only.*

EVENTS AFTER THE REPORTING PERIOD *(Continued)*

The Adjusted 2015 Earn Out Consideration Shares will be allotted and issued to the Vendor C and Vendor D (or their nominee(s)) within 10 Business Days from the issue of the audited financial statements of Beijing Auto-serve Software Company Limited and audited consolidated financial statements of Vibrant Youth Limited for the year ended 31 December 2015.

As at the date of this report, the Adjusted 2015 Earn Out Consideration Shares have not been allotted and issued.

Further details of transaction are set out in the announcement of the Company dated 2 March 2016.

EMPLOYEE INFORMATION AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 229 employees (31 March 2015: 180). The salaries and benefits of the Group's employees are maintained at a competitive level and employees are rewarded on a discretionary performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually. Year-ended bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical scheme to its employees. Staff costs, excluding Directors' emoluments, for the nine months ended 31 December 2015 amounted to approximately HK$19,869,000 (31 March 2015: approximately HK$11,014,000).

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

SHARE OPTION

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

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

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

CONTINGENT LIABILITIES

As at 31 December 2015, the Group did not have any material contingent liability (31 March 2015: Nil).

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zhang Wei ("Mr. Zhang"), aged 47, is the chairman, chief executive officer, executive director, authorised representative of the Company under Rule 5.24 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and a member of the nomination committee of the Company since 1 December 2015. Mr. Zhang currently is an executive director of Prima Finance Holdings Limited ("Prima Finance") and executive director and general manager of Beijing Wanchi Technology Company Limited* ("Beijing Wanchi"), both of which are subsidiaries of the Company which were acquired by the Group in June 2014. Mr. Zhang joined Beijing Wanchi in November 2012 and was appointed as an executive director of Prima Finance in November 2012. Mr. Zhang has taken up the management role as an executive director of a number of subsidiaries of the Company. Mr. Zhang holds a diploma in banking management from Harbin University of Finance and studied the subject of law and graduated from the People's Republic of China Communist Party Beijing City Committee Party School*. Mr. Zhang has over 23 years of experience in the financial management field. Prior to joining Prima Finance and Beijing Wanchi in 2012, he held various managerial positions in banking and investment management corporations.

Mr. Wong Wai Sing ("Mr. Wong"), aged 30, is the vice-chairman, executive Director and a member of the nomination committee and remuneration committee of the Company. Mr. Wong joined the Company since 13 October 2008 and has taken up the management role as an executive director of a number of subsidiaries of the Company. Mr. Wong, is a member of the Hong Kong Institute of Directors. Mr. Wong holds a bachelor of science degree in international business from the Canterbury University, London, an international master degree of business administration from the Stratford University, Falls Church, Virginia, the United States of America and a master of arts and a doctor of philosophy from the Universidad Empresarial De Costa Rica. He also obtained a certificate of three-tiers' integrate coal mine's safety (三級煤礦安全技術綜合考試) from the Bureau of Xinjiang Coal Mine Safety Supervision, the PRC (中國新疆煤礦安全監察局). Mr. Wong is also the Trade Adviser of the Honorary Consulate of Equatorial Guinea to Bucharest Romania and the Diplomatic Adviser to the Special Representatives for the PRC of the Sovereign Order of Saint John of Jerusalem, Knights of Malta, Federation of the Autonomous Priories. Mr. Wong has experience in a wide range of businesses, including the coal mining, natural resources industry, international coal trading, business consultation, property investment, provision of internet e-gaming, rendering of travel agent services, entertainment programme production, events organisation, TV series production, operation of an artist training school, provision of motor vehicles beauty services and provision of underwriting services for general insurance and reinsurance business, manufacture and trading of hygienic disposables for household and clinical uses, trading of methyl tert-butyl ether and wholesale and retail of household consumables. He was the owner of Colors Securities Limited which is principally engaged in dealing in securities (Type 1), advising on securities (Type 4) and asset management (Type 9) and Colors Commodities Limited which is principally engaged in dealing in futures contracts (Type 2) and advising on futures contracts (Type 5).

Mr. Wong was a consultant of a Hong Kong-based medium-sized CPA firm for more than 1 year. He is currently an executive director and the chairman of Newtree Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 1323).

DIRECTORS AND SENIOR MANAGEMENT

Mr. Han Jianli ("Mr. Han"), aged 50, is the executive Director and compliance officer of the Company. Mr. Han was the chairman and chief executive officer of the Company during the period from 1 January 2015 to 30 November 2015 and 31 July 2014 to 30 November 2015 respectively. Mr. Han has over 21 years of experience in money lending business in the PRC. During May 2013 to May 2014, Mr. Han was the risk controller of Zhong Wei (Beijing) Credit Management Company Limited Weijinsuo Platform (中微(北京)信用管理有限公司微金所平台). Prior to that, Mr. Han was an Intermediate Account Manager in the Industrial and Commercial Bank of China Limited, Haidian branch's Credit Department (中國工商銀行海澱支行信貸部) from 1992 to 2006, was a vice president in Zhong Hui Guarantee Company Limited (中慧擔保有限公司) from 2006 to 2010, and was a vice general manager in Beijing Shi Guo Xu Microfinance Company Limited (北京市國旭小額貸款有限公司) from 2010 to May 2013. Mr. Han graduated in 1987 from the Military Institute of Physical Education of The People's Liberation Army (中國人民解放軍軍事體育學院), with three academic years of physical education instructor (staff) training (體育專業體育教員(參謀)培訓三年學制大專修業).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Yihua ("Mr. Chen"), aged 42, is the independent non-executive Director, chairman of the nomination committee and a member of the remuneration committee and audit committee of the Company. Mr. Chen holds a bachelor's degree in machinery manufacturing engineering from Tianjin University, the PRC. Mr. Chen has 15 years of experience in management in international express logistic industry. Mr. Chen is also familiar with import and export business in machinery and equipment. Mr. Chen held managerial position in different multinational companies, such as China National Overseas Engineering Corporation and FedEx Express-DTW Co. Ltd. Mr. Chen is currently the senior director of infrastructure and process engineering of DHL-Sinotrans International Air Courier Ltd.

Mr. Du Hui ("Mr. Du"), aged 42, is the independent non-executive Director. Mr. Du is also a chairman of the remuneration committee, and a member of the audit committee and nomination committee of the Company. Mr. Du has over 12 years of experience in financial management in the PRC. Mr. Du has been the sales controller of Beijing Lanxum Technology Company Limited ("Beijing Lanxum"), a company listed on the Chinext of Shenzhen Stock Exchange (stock code: SHE:300010), since December 2010. Prior to that, Mr. Du had been a financial controller in Beijing Lanxum from 2002 to November 2010. Mr. Du graduated in 1998 from Sun Yat-sen University with a bachelor's degree of laws and graduated in 2002 from Renmin University of China, with an undergraduate degree in Accounting.

Ms. Sze Sau Wan ("Ms. Sze"), aged 53, is the independent non-executive Director, chairman of the audit committee and a member of the nomination committee and remuneration committee of the Company. Ms. Sze graduated from the Chinese University of Hong Kong, with a bachelor's degree in accountancy and obtained a master's degree of business administration from the University of Macau. Ms. Sze has over 28 years of experience in accounting, auditing and financial reporting. Ms. Sze worked at an international accounting firm and is currently a sole proprietor of an audit firm. Ms. Sze is a practicing member of the Hong Kong Institute of Certified Public Accountants.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Ms. Li Wei ("Ms. Li"), aged 39, is the chief operating officer and the authorised representative of the Company under the Hong Kong Companies Ordinance. Ms. Li currently is the executive director and assistant general manager of the Group's subsidiaries – Prima Finance and Beijing Wanchi respectively which were acquired by the Group in June 2014. Ms. Li joined the Beijing Wanchi in September 2009 and was appointed as an executive director of Prima Finance in November 2012. Ms. Li holds a bachelor's degree of enterprise management from Tianjin Normal University and a master's degree in management from Tianjin University. Prior to joining the subsidiary of the Group in 2009, she held various human resources management positions with several multinational corporations and her last position before joining the Group was as a human resources project consulting manager in a well-known Chinese based consultancy corporation. Ms. Li has more than 14 years of experience in human resources management, operational and risk management in financial sector. Her extensive experience in money lending business in the Greater China market would be a great asset for the Group to develop and expand the Group's business.

Ms. Yu Tak Wai, Winnie ("Ms. Yu"), aged 38, is the chief financial officer of the Company. Ms. Yu is a certified public accountant of the Hong Kong Institute of Certified Public Accountants ("HKICPA") and a member of the Association of Chartered Certified Accountants. Ms. Yu holds a bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University and has more than 16 years of experience in accounting and finance, internal and external audit, change management as well as training and risk management in Hong Kong, the PRC, United States and Japan. Ms. Yu was also one of the review panelists for the Best Corporate Governance Disclosure Awards 2010 presented by the HKICPA. Ms. Yu served as an Executive Director of Newtree Group Holdings Limited (stock code: 1323) from July 2014 to February 2016. Prior to joining the Company, Ms. Yu has been the chief financial officer of Rising Power Group Holdings Limited, now known as Sky Forever Supply Chain Management Group Limited (stock code: 8047), the head of Hong Kong office of an accounting firm based in Japan which is a subsidiary of a company listed on the Stock Exchange, an internal audit manager of a company listed on the Stock Exchange and an audit manager of an international audit firm.

CORPORATE GOVERNANCE REPORT

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

Throughout the nine months ended 31 December 2015, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules with the exception of the following deviations:

CODE PROVISION A.2.1

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

Mr. Han Jianli was appointed as Chairman and chief executive officer of the Company (the "CEO") from 1 January 2015 to 30 November 2015 and Mr. Zhang Wei was appointed as Chairman and CEO on 1 December 2015.

Given the size and that the Company's and the Group's current business operations and administration have been stable, the Board is justified that the current structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time the need to separate the roles of the Chairman and the CEO if the situation warrants it.

CODE PROVISION A.2.7

Code Provision A.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present.

During the nine months ended 31 December 2015, Mr. Han Jianli, the chairman of the Company during the period from 1 Jan 2015 to 30 November 2015, did not held any meeting with the non-executive Directors (including independent non-executive directors) without the executive Directors present. Mr. Zhang Wei, the chairman of the Company appointed on 1 December 2015, has hold a meeting with independent non-executive Directors without the executive Directors present on 11 March 2016 to review the progress of the business projects and the direction of the Company's business.

CODE PROVISION A.4.1

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

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

CORPORATE GOVERNANCE REPORT

CODE PROVISION A.6.7

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

Mr. Du Hui and Mr. Chen Yihua, the independent non-executive Directors, were unable to attend the special general meeting of the Company held on 28 May 2015 as they had other important business engagement.

Mr. Chen Yihua, the independent non-executive Directors, was unable to attend the annual general meeting of the Company held on 31 July 2015 as he had other important business engagement.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code throughout the nine months ended 31 December 2015.

THE BOARD

As at 31 December 2015, the Board comprised six Directors, including three executive Directors, namely Mr. Zhang Wei as Chairman and Chief Executive Officer, Mr. Wong Wai Sing as vice Chairman and Mr. Han Jianli; and three independent non-executive Directors, namely Mr. Chen Yihua, Mr. Du Hui and Ms. Sze Sau Wan.

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

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

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

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

THE BOARD *(Continued)*

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

All Directors, including independent non-executive Directors assume the responsibilities to the Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company and its shareholders. To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among members of the Board.

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

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHAIRMAN AND CHIEF EXECUTIVE

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

THE BOARD COMMITTEES

(1) Remuneration Committee (the "RC")

The RC reviews and makes recommendations to the Board on the remunerations of directors and senior management. To minimise any conflict of interest, any member who is interested in any given proposed motion is required to abstain from voting on such motion. The RC was set up on 20 March 2006 with written terms of references to oversee the remuneration policy and structure for all Directors and senior management. The RC is formed by a majority of independent non-executive Directors and chaired by an independent non-executive Director. During the nine months ended 31 December 2015, the members of the RC are as follows:

Independent non-executive Directors:

Mr. Du Hui *(Chairman)* (Appointed as Chairman on 4 September 2015)
Mr. Chen Yihua
Ms. Sze Sau Wan (Appointed on 4 September 2015)
Mr. Kwok Kam Tim *(Chairman)* (Resigned on 4 September 2015)

Executive Directors:

Mr. Wong Wai Sing

The RC held 4 meetings during the nine months ended 31 December 2015. The Company Secretary acts as the secretary to the RC. The roles and functions of the RC are to make recommendations to the Board on the Company's policy and structure for all remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy. The RC also reviews and recommends the Board on its proposals relating to the remuneration of the executive Directors with reference to the Board's corporate goal and objectives. The RC is provided with sufficient resources by the Company to discharge its duties. No individual Director is involved in deciding his or her own remuneration.

The remuneration packages of individual executive Directors and senior management, comprising a basic salary and a performance related bonus for their contributions, were recommended to the Board during the nine months ended 31 December 2015. Details of Directors' emoluments are set out in Note 8 to the consolidated financial statements in this annual report.

During the nine months ended 31 December 2015, the RC also held meeting to revise the terms of reference of the RC.

The Company has adopted a share option scheme since 2012 (details of which are set out in Note 33 of the consolidated financial statements in this annual report). The purpose of the said share option scheme is to enable the Board, at its discretion, to grant options to selected eligible participants to motivate them and to optimise their performance and efficiency for the benefit of the Group.

THE BOARD COMMITTEES *(Continued)*

(2) Nomination Committee (the "NC")

The NC was set up on 1 February 2012 with written terms of reference to review the structure, size and composition (including but not limited to the gender, skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The NC is chaired by an independent non-executive Director. The NC comprises a majority of independent non-executive Directors. During the nine months ended 31 December 2015, the members of the NC are as follows:

Independent non-executive Directors:
Mr. Chen Yihua *(Chairman)*
Mr. Du Hui
Ms. Sze Sau Wan (Appointed on 4 September 2015)
Mr. Kwok Kam Tim (Resigned on 4 September 2015)

Executive Directors:
Mr. Zhang Wei (Appointed on 1 December 2015)
Mr. Wong Wai Sing
Mr. Han Jianli (Resigned on 1 December 2015)

The NC held 2 meetings during the nine months ended 31 December 2015 to make recommendations to the Board on the appointment of Directors and senior management. The Company Secretary acts as the secretary to the NC. The roles and functions of the NC include to identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of independent non-executive Directors, review the Policy (as defined below) and the progress on achieving the objectives set for implementing the Policy, make recommendations to the Board on the appointment or re-appointment of Directors, and succession planning for Directors, in particular the chairman of the Board and the chief executive officer.

Board Diversity Policy

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

Measurable Objectives and Implementation

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

Monitoring and Reporting

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

Review of this Policy

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

THE BOARD COMMITTEES *(Continued)*

(3) Audit Committee (the "AC")

The AC of the Company comprises all independent non-executive Directors and is chaired by an independent non-executive Director who is an accountant with related financial management expertise. During the nine months ended 31 December 2015, the members of the AC are as follows:

Independent non-executive Directors:
Ms. Sze Sau Wan *(Chairman)* (Appointed on 4 September 2015)
Mr. Chen Yihua
Mr. Du Hui
Mr. Kwok Kam Tim (Resigned on 4 September 2015)

The AC held 3 meetings to review the quarterly, interim and annual reports before submission to the Board; to review and analyse the internal control procedures and systems; and to revise the terms of reference of AC during the nine months ended 31 December 2015. The Company Secretary acts as the secretary to the AC. The AC performs, amongst others, the following roles and functions:

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

BOARD COMPOSITION AND BOARD AND COMMITTEE MEETINGS

Practices and Conduct of Meetings

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

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

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

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

According to the current Board practice, any material transactions involving a conflict of interest with a substantial Shareholder or a Director will be considered and dealt with by the Board at a duly convened Board meeting. The Bye-laws also contain provisions requiring the Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

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

Composition

As at 31 December 2015, the Board comprises three executive Directors, and three independent non-executive Directors. The Company has met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise throughout the nine months ended 31 December 2015.

Biographical details of the Directors are shown on pages 15 to 16 and set out on the websites of the Company. The List of Directors and their Role and Function was published both on the websites of the Company and the Stock Exchange. The Board is currently supported by the AC, RC and NC to oversee specific areas of the Company's affairs. Each of these Committees has been established with written terms of reference, which were approved by the Board, setting out the Committee's major duties and responsibilities. These terms of reference were published both on the websites of the Company and the Stock Exchange.

Meetings Held and Attendance

The composition of the Board and the Committees, and the individual attendance records of each Director at the Board and Committees' meetings during the nine months ended 31 December 2015 are set out below:

	Meetings attended/Meetings held					
Name of Directors	Board meetings	AC meetings	RC meetings	NC meetings	Annual general meeting	Special general meetings
Executive Directors						
Mr. Zhang Wei *(Chairman and CEO)* (note 1)	1/1	N/A	N/A	0/0	0/0	0/0
Mr. Wong Wai Sing *(Vice-chairman)*	4/15	N/A	1/4	1/2	0/1	0/2
Mr. Han Jianli *(Chairman and CEO)* (note 2)	15/15	N/A	N/A	2/2	1/1	2/2
Independent Non-executive Directors						
Mr. Chen Yihua	13/15	3/3	4/4	2/2	0/1	1/2
Mr. Du Hui	15/15	3/3	4/4	2/2	1/1	1/2
Ms. Sze Sau Wan (note 3)	5/5	1/1	2/2	1/1	0/0	0/0
Mr. Kwok Kam Tim (note 4)	7/10	2/2	2/2	1/1	1/1	2/2
Total number of meeting held	15	3	4	2	1	2

Notes:

1. Mr. Zhang Wei was appointed as executive Director, Chairman and CEO on 1 December 2015.

2. Mr. Han Jianli resigned as Chairman and CEO on 1 December 2015 but remains as an executive Director.

3. Ms. Sze Sau Wan was appointed as independent non-executive Director on 4 September 2015. Her attendances were shown with reference to the number of meetings held during the period after her appointment as the Director.

4. Mr. Kwok Kam Tim resigned as independent non-executive Director on 4 September 2015. His attendances were shown with reference to the number of the meetings held during the period before his cessation as the Director.

INDUCTION AND CONTINUOUS DEVELOPMENT

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

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

Name of Directors	Reading journals, written training materials and/or updates	Attending courses, seminars, conferences and/or forums
Mr. Zhang Wei (Appointed on 1 December 2015)	✔	✔
Mr. Han Jianli	✔	
Mr. Wong Wai Sing	✔	
Mr. Chen Yihua	✔	
Mr. Du Hui	✔	
Ms. Sze Sau Wan (Appointed on 4 September 2015)	✔	✔
Mr. Kwok Kam Tim (Resigned on 4 September 2015)		✔

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

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

ACCOUNTABILITY AND AUDIT

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

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

ACCOUNTABILITY AND AUDIT *(Continued)*

The above statements, which should be read in conjunction with the independent auditor's report set out from pages 41 to 42 of this annual report, are made with a view to distinguishing for Shareholders how the responsibilities of the Directors differ from those of the auditor in relation to the financial statements.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the nine months ended 31 December 2015, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are prudent and reasonable in accordance with applicable accounting standards.

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

AUDITOR'S REMUNERATION

During the nine months ended 31 December 2015, the remuneration, reviewed and approved by the AC on the audit and non-audit scope, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, Mazars CPA Limited, were as follows:

Nature of services	1 April 2015 – 31 December 2015 Amount HK$'000	1 April 2014 – 31 March 2015 Amount HK$'000
Audit services	**1,516**	**1,420**
Non-audit services (note)	**570**	**680**

Note: Non-audit services provided by Mazars CPA Limited during the nine months ended 31 December 2015 included agreed-upon procedures reports on the Group's quarterly and interim results, agreed-upon procedures report in relation to the Auto-serve Group's guaranteed profit for the year ended 31 December 2015 and professional services in relation to the disposal of Star Coal Group.

CORPORATE GOVERNANCE FUNCTION

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

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of the Shareholders and the Group's assets. The Board has conducted annual review on the internal control system of the Group and its effectiveness during the nine months ended 31 December 2015 covering all material controls, including financial, operational and compliance controls. The Board keeps monitoring the risk management system on an ongoing basis, ensuring a review of the effectiveness of the Group's risk management system is conducted regularly.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Bye-laws. The Company Secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the board papers and minutes of the Board and committees of the Company. On 13 October 2015, Ms. Kwok Ka Huen ("Ms. Kwok"), delegated by an external service provider, was appointed as a joint company secretary of the Company. Following the resignation of Ms. Tsang Pui Yee, the other joint company secretary of the Company, Ms. Kwok was re-designated as the company secretary of the Company with effect from 1 January 2016. Ms. Kwok confirmed that she has complied with all the qualifications, experience, and professional training requirements of the GEM Listing Rules. During the nine months ended 31 December 2015, Ms. Kwok has taken no less than 15 hours of relevant professional training. Ms. Kwok's primary corporate contact is Ms. Yu Tak Wai, Winnie, the Chief Financial Officer of the Company.

CONSTITUTIONAL DOCUMENTS

The latest version of the amended and restated Bye-laws has been published both on the websites of the Company and the Stock Exchange since 9 March 2012 and did not made any amendments to the Bye-laws during the nine months ended 31 December 2015.

INVESTOR RELATIONS

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

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

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

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

SHAREHOLDERS' RIGHTS

In accordance with the Company's bye-law 58 of the Bye-laws, the Shareholders holding at the date of deposit of the requisition not less than one-tenth of the issued share capital of the Company carrying the right of voting at special general meetings of the Company shall at all times have the right, by written requisition to the Company at the head office and principal place of business in Hong Kong, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of section 74(3) of the Companies Act 1981 of Bermuda.

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

REPORT OF THE DIRECTORS

The Directors herein submit their report together with the audited consolidated financial statements of the Group for the nine months ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries of the Company are set out in Note 18 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the performance of the Group for the nine months ended 31 December 2015 by operating segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's results for the nine months ended 31 December 2015 and the financial performance of the Company and the Group at that date are set out in the consolidated financial statements on pages 43 to 138.

BUSINESS REVIEW AND COMMENTARY

Financial Results

The financial results and business review of the Group for the nine months ended 31 December 2015 are set out in the annual report and particular on the section of "Management Discussion and Analysis" from pages 7 to 14.

Environmental measure and performance

Since the Group's main business is (i) short-term financing services in the People's Republic of China (the "PRC") and Hong Kong; and (ii) business of development and sales of enterprises software and provision of software maintenance and support services for financial sectors in the PRC, they do not bring about serious adverse effects on the environment. Nevertheless, the management acknowledges that being a responsible enterprise, the Group still has to take into account the impact of its business operation on the environment while enjoying financial growth.

As such, the Group has formulated its environmental measure with a focus on ensuring full compliance with applicable legislation and requirements by promoting environmental awareness among staff, disposing waste in an environmentally responsible way, and reusing and recycling materials.

In order to reduce carbon footprint across the office, the Group during the nine months ended 31 December 2015 encouraged employees to utilise e-statement or scanning to reduce our use of paper, switch off computers and office equipment, electrical appliance and air-conditioners when they are not in use.

Compliance with laws and regulations

In relation to the human resources, the Group is committed to complying with the requirements of the Personal Data (Privacy) Ordinance, ordinance relating to disability, sex, family status and race discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees.

The Group is also committed to safeguarding the security of personal data. When collecting and processing such data, the Group complies with the Personal Data (Privacy) Ordinance and guidelines issued by the Office of the Privacy Commissioner for Personal Data, with a view to protecting the privacy of its employees and customers, etc. The operation team of the Group in the PRC and Hong Kong also complied with the laws and regulations in the PRC and Hong Kong.

BUSINESS REVIEW AND COMMENTARY *(Continued)*

Compliance with laws and regulations (Continued)

During the nine months ended 31 December 2015, the Group was not aware of any non-compliance with any relevant laws and regulations that has a significant impact on it.

Key relationships

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. We enjoy good relationships with suppliers and customers with mutual trust. Currently, the Group has adopted web-based services and customer services hotline with the aim of forming effective communication channels with our customers. By gathering customer feedbacks, the Group is able to enhance and improve the services offered to the customers, strengthen customer loyalty, and enhance market penetration and expansion. During the nine months ended 31 December 2015, there was no material and significant dispute between the Group and its suppliers/customers.

Employees are the valuable assets of the Group. The Group strives to motivate its employees with a clear career path and improvement of their skills by providing on-the-job training to our staff members. The systematic training programs cover areas such as managerial skills, technical knowledge, risk management, customer services, workplace ethics and other areas relevant to the industries. The Group has recorded 657 training attendances and 3,154 training hours during the nine months ended 31 December 2015. In addition, the Group puts efforts into providing staff with a harmonious, positive and inspiring working environment. The Group always adheres to its people-oriented concept, values and maintains their employees' legitimate rights and interests.

By providing employees with a good working environment, competitive salary and adequate trainings, employees' productivities and their performances are greatly improved.

Key risks and uncertainties

The main risks for the Group include interest rate risk, foreign exchange risk, credit risk and liquidity risk. Details of the main risks and risk management measures are set out in Notes 37-38 to the consolidated financial statements.

For the nine months ended 31 December 2015, the Group's business and earnings growth were mainly affected by the fluctuations and uncertainties in the macroeconomic situation and the amendments of laws and regulations in the PRC. Due to the economic slowdown in the PRC, the government continues to lower the lending interest rates and amend the laws and regulations. The Group will gradually develop its business market in Hong Kong, therefore, the macroeconomic conditions of Hong Kong and the other countries, such as the GDP growth rate, the unemployment rate and the request for credit facilities may create further uncertainties on the business development of the Group. Certain mitigating measures will be performed periodically and performances will be monitored from time to time.

DIVIDEND

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

REPORT OF THE DIRECTORS

FIVE-YEAR/PERIOD FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years/period is set out on page 139 of this annual report.

INVESTMENT PROPERTY

Details of movements in the investment property are set out in Note 15 to the consolidated financial statements. Details of the property held for investment purpose are set out on page 140 of this annual report. The Group has disposed the investment property during the nine months ended 31 December 2015. Details of the disposal are set out in Note 32 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the nine months ended 31 December 2015 are set out in Note 14 to the consolidated financial statements.

SHARE CAPITAL

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

RESERVES

Details of movements in the reserves of the Group and the Company during the nine months ended 31 December 2015 are set out in the consolidated statement of changes in equity on pages 47 to 48 of this annual report and in Note 41 to the consolidated financial statements, respectively.

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

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the nine months ended 31 December 2015.

MAJOR CUSTOMERS AND SUPPLIERS

The sales to the Group's five largest customers and purchases from the five largest suppliers accounted for approximately 40% and 99.8% of the total sales and purchases for the nine months ended 31 December 2015, respectively.

The Group's largest customer and supplier accounted for approximately 19% and 97% of the total sales and purchases for the nine months ended 31 December 2015, respectively.

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

CONTINUING CONNECTED TRANSACTIONS

Pawnbrokers Structured Agreements

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

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

(1) The Pawnbrokers Exclusive Service Agreements

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

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(2) The Pawnbrokers Exclusive Option Agreements

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

(3) The Pawnbrokers Proxy Agreements

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

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

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

(4) The Pawnbrokers Equity Pledge Agreements

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(4) The Pawnbrokers Equity Pledge Agreements (Continued)

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

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

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

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

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

(4) The Pawnbrokers Equity Pledge Agreements *(Continued)*

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

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

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

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

The Company confirmed that the disclosure requirements for the continuing connected transactions have been complied in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS

The Directors during the nine months ended 31 December 2015 and up to the date of this annual report were:

Executive Directors	Independent Non-executive Directors
Mr. Zhang Wei (Appointed as Chairman and Chief Executive Officer on 1 December 2015)	Mr. Chen Yihua
Mr. Wong Wai Sing *(Vice-chairman)*	Mr. Du Hui
Mr. Han Jianli (Resigned as Chairman and Chief Executive Officer on 1 December 2015)	Ms. Sze Sau Wan (Appointed on 4 September 2015)
	Mr. Kwok Kam Tim (Resigned on 4 September 2015)

In accordance with bye-law 84(1) of the Bye-laws, Mr. Wong Wai Sing, Mr. Chen Yihua and Mr. Du Hui shall retire from the Board by rotation at the forthcoming annual general meeting of the Company (the "AGM"). Mr. Chen Yihua and Mr. Du Hui, being eligible, offer themselves for re-election at the forthcoming AGM while Mr. Wong Wai Sing has decided not to stand for re-election.

In accordance with bye-law 83(2) of the Bye-laws, Mr. Zhang Wei and Ms. Sze Sau Wan, will hold office until the forthcoming AGM and, being eligible, offer themselves, for re-election at the forthcoming AGM.

The Directors' biographical details are set out on pages 15 to 16.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and the five highest paid individuals of the Group are set out in Note 8 to the consolidated financial statements.

DIRECTORS' SERVICE CONTRACTS

Mr. Chen Yihua, Mr. Du Hui and Ms. Sze Sau Wan, the existing independent non-executive Directors, have entered into an appointment letter with the Company for an initial term of one year commencing on 15 July 2013, 9 October 2013 and 4 September 2015 respectively subject to retirement by rotation and re-election at the next general meeting in accordance with the Bye-laws and may be terminated by not less than one month prior notice in writing served by either party to the other in accordance with the provisions set out in the respective appointment letters.

Mr. Zhang Wei and Mr. Wong Wai Sing, the existing executive Directors, have entered into an appointment letter with the Company for an initial term of one year commencing on 1 December 2015 and 3 November 2008 respectively, subject to retirement by rotation and re-election at the next general meeting in accordance with the Bye-laws and may be terminated by not less than one month prior notice in writing served by either party to the other in accordance with the provisions set out in the appointment letter.

Mr. Han Jianli, the existing executive Director, has entered into an appointment letter with the Company for an initial term of one year commencing on 9 October 2013 and has been renewed for another two years until 8 October 2016. His appointment is subject to retirement by rotation and re-election at the next general meeting in accordance with the Bye-laws and may be terminated by not less than three months' prior notice in writing served by either party to the other in accordance with the provisions set out in the appointment letter.

Mr. Kwok Kam Tim, who has resigned as independent non-executive Director with effect from 4 September 2015, has entered into an appointment letter with the Company for an initial term of one year commencing on 5 October 2009 subject to retirement by rotation and re-election at the next general meeting in accordance with the Bye-laws and may be terminated by not less than one month prior notice in writing served by either party to the other in accordance with the provisions set out in the appointment letter.

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

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

As at 31 December 2015, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in the Shares

Name of Directors	Capacity	Number of ordinary Shares held	Approximate percentage of shareholding in the Company
Mr. Wong Wai Sing	Beneficial owner	36,400	0.003
	Interest of a controlled corporation (Note)	75,676 (Note)	0.007

Note: Mr. Wong Wai Sing is the Vice-chairman of the Company and an executive Director. 75,676 Shares are held by Ming Kei International Holding Company Limited ("MKIH"), a company which is wholly and beneficially owned by Mr. Wong, the sole director of MKIH. Accordingly, he is deemed to be interested in such 75,676 Shares held by MKIH.

Save for those disclosed above, as at 31 December 2015, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

Particulars of the share option scheme adopted on 2 August 2012 (the "Share Option Scheme") are set out in Note 33 to the consolidated financial statements.

No share option was granted, outstanding, lapsed, cancelled or exercised at any time during the nine months ended 31 December 2015. As at the date of this report, a maximum of 23,050,219 shares, representing approximately 2% of the existing issued share capital of the Company, is available for issuance under the Share Option Scheme.

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

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

Long positions in the Shares

Name of substantial shareholder	Number of shares interested: Direct interests	Deemed interests	Total interests	Percentage of the issued share capital of the Company *(Note 5)*
Exuberant Global Limited (note 1)	1,384,571,429	–	1,384,571,429	119.92
Mr. Dai Di (note 1)	–	1,384,571,429	1,384,571,429	119.92
Time Prestige Holdings Limited (note 2)	161,142,857	–	161,142,857	13.96
Mr. Dai Hao (notes 2 and 3)	–	563,999,999	563,999,999	48.85
Bustling Capital Limited (note 3)	402,857,142	–	402,857,142	34.89
Ms. Jin Yu (notes 2 and 3)	–	563,999,999	563,999,999	48.85
Silver Palm Limited (note 4)	71,428,571	–	71,428,571	6.19
Mr. Wang Jia Sheng (note 4)	–	71,428,571	71,428,571	6.19

Notes:

1. The 1,384,571,429 Shares held by Exuberant Global Limited ("Exuberant Global") represent (i) 174,200,000 Shares and (ii) 1,210,371,429 Shares to be issued upon full conversion of the convertible bonds. Exuberant Global is wholly and beneficially owned by Mr. Dai Di. Accordingly, Mr. Dai Di is deemed to be interested in the 1,384,571,429 Shares held by Exuberant Global.

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

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

4. Silver Palm Limited ("Silver Palm") is wholly and beneficially owned by Mr. Wang Jia Sheng ("Mr. Wang"). Accordingly, Mr. Wang is deemed to be interested in the 71,428,571 Shares held by Silver Palm.

5. The percentage represents the number of Shares interested divided by the number of the issued Shares as at 31 December 2015 (i.e. 1,154,605,562 Shares).

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(Continued)*

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

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken during the nine months ended 31 December 2015 are provided under Note 36 to the audited consolidated financial statements. These related party transactions did not fall under the definition of connected transaction or continuing connected transaction as defined in the GEM Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INDEMNITIES AND INSURANCE

As permitted by the bye-laws of the Company, a director of the Company shall be indemnified and secured harmless out of assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred by the director of the Company.

Such permitted indemnity provision has been in force since the adoption of the amended and restated bye-laws of the Company on 5 March 2012 and is currently in force at the time of approval of this report. The Company has also taken out and maintained directors' and officers' liability insurance throughout the nine months ended 31 December 2015, which provides appropriate cover for certain legal actions brought against its directors and officers.

INTERESTS IN COMPETING BUSINESS

As at 31 December 2015, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had engaged in any business that compete or may compete either directly or indirectly with the business of the Group, or have any other conflict of interests with the Group.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

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

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

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 18 to 28.

RETIREMENT BENEFIT PLANS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

The consolidated financial statements of the Group for the nine months ended 31 December 2015 were audited by Mazars CPA Limited who shall retire at the forthcoming AGM.

On behalf of the Board
Zhang Wei
Chairman
Hong Kong, 11 March 2016

INDEPENDENT AUDITOR'S REPORT

MAZARS

MAZARS CPA LIMITED
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To the members of
Capital Finance Holdings Limited
(incorporated in the Cayman Islands and continued in Bermuda with limited liability)

We have audited the consolidated financial statements of Capital Finance Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 138, which comprise the consolidated statement of financial position as at 31 December 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 period from 1 April 2015 to 31 December 2015, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and cash flows for the period from 1 April 2015 to 31 December 2015 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Mazars CPA Limited
Certified Public Accountants
Hong Kong, 11 March 2016

She Shing Pang
Practising Certificate number: P05510

CONSOLIDATED INCOME STATEMENT

Period from 1 April 2015 to 31 December 2015

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Restated) HK$'000
Continuing operations			
Revenue	6	**120,905**	123,596
Cost of services rendered		**(2,772)**	–
Gross profit		**118,133**	123,596
Other income, and other gains and losses, net	6	**7,221**	2,488
Administrative and other expenses		**(54,930)**	(56,534)
Gain on disposal of subsidiaries	32	**–**	11,515
Fair value gain on contingent consideration – consideration shares	31(b)	**25,574**	11,250
Fair value loss on contingent consideration – convertible bonds	31(a)	**–**	(398,496)
Loss on early redemption of promissory notes	25	**(735)**	(1,619)
Impairment loss on goodwill	17	**(33,878)**	(546,085)
Impairment loss on trade receivables	21(c)	**(593)**	–
(Provision for) Reversal of impairment loss on loans to customers	20(a)	**(1,797)**	1,702
Finance costs	7	**(32,463)**	(25,778)
Profit (Loss) before income tax from continuing operations	7	**26,532**	(877,961)
Income tax expense	9	**(12,881)**	(22,477)
Profit (Loss) for the period/year from continuing operations		**13,651**	(900,438)
Discontinued operations			
Profit (Loss) for the period/year from discontinued operations	10	**6,950**	(58,563)
Profit (Loss) for the period/year		**20,601**	(959,001)
Attributable to:			
Owners of the Company	11	**19,000**	(959,988)
Non-controlling interests		**1,601**	987
		20,601	(959,001)
Earnings (Loss) per share attributable to owners of the Company	13		
From continuing and discontinued operations			
Basic (Hong Kong cents)		**1.66**	(106.49)
Diluted (Hong Kong cents)		**1.65**	(106.49)
From continuing operations			
Basic (Hong Kong cents)		**1.06**	(100.08)
Diluted (Hong Kong cents)		**1.06**	(100.08)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 1 April 2015 to 31 December 2015

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Profit (Loss) for the period/year	**20,601**	(959,001)
Other comprehensive (loss) income for the period/year:		
Item that has been reclassified to profit or loss:		
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	**53**	(1,356)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	**(47,290)**	4,906
Total other comprehensive (loss) income for the period/year, net of tax	**(47,237)**	3,550
Total comprehensive loss for the period/year	**(26,636)**	(955,451)
Attributable to:		
Owners of the Company	**(27,361)**	(956,533)
Non-controlling interests	**725**	1,082
	(26,636)	(955,451)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	31 December 2015 HK$'000	31 March 2015 HK$'000
Non-current assets			
Property, plant and equipment	14	**3,734**	3,319
Investment property	15	**–**	50,000
Intangible assets	16	**177,289**	223,435
Goodwill	17	**181,968**	228,648
Available-for-sale financial assets	19	**8,356**	4,426
Deferred tax assets	28	**3,879**	3,536
Total non-current assets		**375,226**	513,364
Current assets			
Loans to customers	20	**383,048**	428,304
Trade receivables	21	**1,442**	37,696
Refundable deposits	22	**–**	19,386
Prepayments, deposits and other receivables		**13,179**	10,507
Cash and cash equivalents	23	**119,091**	48,721
Total current assets		**516,760**	544,614
Current liabilities			
Trade payables	24	**–**	34,806
Accrued expenses, other payables and deposits received		**16,746**	14,668
Amount due to a shareholder	36(c)	**–**	50,000
Amount due to a non-controlling owner of a subsidiary	36(c)	**–**	1,950
Tax payable		**5,285**	7,563
Interest-bearing borrowings	27	**4,775**	43,113
Current portion of contingent consideration – consideration shares	31(b)	**–**	14,285
Total current liabilities		**26,806**	166,385
Net current assets		**489,954**	378,229
Total assets less current liabilities		**865,180**	891,593

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**31 December 2015 HK$'000**	31 March 2015 HK$'000
Non-current liabilities			
Promissory notes	25	**34,360**	49,808
Convertible bonds – liability component	26	**476,450**	471,509
Contingent consideration – consideration shares	31(b)	**27,382**	48,215
Deferred tax liabilities	28	**44,067**	52,815
Total non-current liabilities		**582,259**	622,347
Net assets		**282,921**	269,246
Capital and reserves			
Issued capital	29	**11,547**	10,311
Reserves		**256,039**	238,837
Equity attributable to owners of the Company		**267,586**	249,148
Non-controlling interests		**15,335**	20,098
Total equity		**282,921**	269,246

These financial statements were approved and authorised for issue by the Board of Directors on 11 March 2016 and were signed on its behalf by

Zhang Wei	**Wong Wai Sing**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2015

		Reserves										
	Issued capital HK$'000 (Note 29)	Share premium HK$'000 (Note 30(i))	Contributed surplus HK$'000 (Note 30(ii))	Capital reserve HK$'000 (Note 30(ii))	Exchange reserve HK$'000 (Note 30(iii))	Convertible bonds reserve HK$'000 (Note 30(iv))	Other reserve HK$'000 (Note 30(v))	Statutory reserve HK$'000 (Note 30(vi))	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2014	6,559	218,334	131,109	120,794	2,069	–	–	–	(312,111)	166,754	4,057	170,811
Loss for the year	–	–	–	–	–	–	–	–	(959,988)	(959,988)	987	(959,001)
Other comprehensive income												
Item that has been reclassified to profit or loss												
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	–	–	–	–	(1,356)	–	–	–	–	(1,356)	–	(1,356)
Item that maybe reclassified subsequently to profit or loss												
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	4,811	–	–	–	–	4,811	95	4,906
Total other comprehensive income for the year	–	–	–	–	3,455	–	–	–	–	3,455	95	3,550
Total comprehensive loss for the year	–	–	–	–	3,455	–	–	–	(959,988)	(956,533)	1,082	(955,451)
Transfer to statutory reserve	–	–	–	–	–	–	–	8,994	(8,994)	–	–	–
Transactions with owners												
Contributions and distributions												
Issue of new shares on the May 2014 Placement (Note 29(i))	445	19,233	–	–	–	–	–	–	–	19,678	–	19,678
Issue of new shares on acquisition of subsidiaries – Prima Finance Group (Note 29(ii))	2,680	182,240	–	–	–	–	–	–	–	184,920	–	184,920
Issue of new shares on acquisition of subsidiaries – Auto-serve Group (Note 29(iii))	109	6,304	–	–	–	–	–	–	–	6,413	–	6,413
Issue of new shares on the March 2015 Placement (Note 29(iv))	518	28,570	–	–	–	–	–	–	–	29,088	–	29,088
Issue of convertible bonds on acquisition of subsidiaries – equity component (Note 26)	–	–	–	–	–	798,828	–	–	–	798,828	–	798,828
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(4,417)	(4,417)
	3,752	236,347	–	–	–	798,828	–	–	–	1,038,927	(4,417)	1,034,510
Changes in ownership interests												
Non-controlling interests arising from acquisition of subsidiaries (Note 31(a))	–	–	–	–	–	–	–	–	–	–	19,376	19,376
Total transactions with owners	3,752	236,347	–	–	–	798,828	–	–	–	1,038,927	14,959	1,053,886
As at 31 March 2015	10,311	454,681	131,109	120,794	5,524	798,828	–	8,994	(1,281,093)	249,148	20,098	269,246

CONSOLIDATED STATEMENT OF
CHANGES IN EQUITY

Period from 1 April 2015 to 31 December 2015

		Reserves										
	Issued capital HK$'000 (Note 29)	Share premium HK$'000 (Note 30(i))	Contributed surplus HK$'000 (Note 30(ii))	Capital reserve HK$'000 (Note 30(ii))	Exchange reserve HK$'000 (Note 30(iii))	Convertible bonds reserve HK$'000 (Note 30(iv))	Other reserve HK$'000 (Note 30(v))	Statutory reserve HK$'000 (Note 30(vi))	Accumulated losses HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
As at 1 April 2015	10,311	454,681	131,109	120,794	5,524	798,828	-	8,994	(1,281,093)	249,148	20,098	269,246
Profit for the period	-	-	-	-	-	-	-	-	19,000	19,000	1,601	20,601
Other comprehensive loss												
Item that has been reclassified to profit or loss												
Reclassification adjustment of exchange reserve on disposal of interests in overseas subsidiaries	-	-	-	-	53	-	-	-	-	53	-	53
Item that maybe reclassified subsequently to profit or loss												
Exchange differences on translation of financial statements of overseas subsidiaries	-	-	-	-	(46,414)	-	-	-	-	(46,414)	(876)	(47,290)
Total other comprehensive loss for the period	-	-	-	-	(46,361)	-	-	-	-	(46,361)	(876)	(47,237)
Total comprehensive loss for the period	-	-	-	-	(46,361)	-	-	-	19,000	(27,361)	725	(26,636)
Transfer to statutory reserve	-	-	-	-	-	-	-	4,942	(4,942)	-	-	-
Transactions with owners												
Contributions and distributions												
Recognition of the final settlement value of contingent shares upon fulfillment of guaranteed profit	-	-	-	-	-	-	9,544	-	-	9,544	-	9,544
Conversion of convertible bonds (Note 29(v))	943	68,180	-	-	-	(44,738)	-	-	-	24,385	-	24,385
Subscription of new shares (Note 29(vi))	293	11,577	-	-	-	-	-	-	-	11,870	-	11,870
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,106)	(2,106)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(3,382)	(3,382)
Total transactions with owners	1,236	79,757	-	-	-	(44,738)	9,544	-	-	45,799	(5,488)	40,311
As at 31 December 2015	11,547	534,438	131,109	120,794	(40,837)	754,090	9,544	13,936	(1,267,035)	267,586	15,335	282,921

CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 April 2015 to 31 December 2015

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
OPERATING ACTIVITIES			
Profit (Loss) before income tax			
– Continuing operations		**26,532**	(877,961)
– Discontinued operations	10	**7,227**	(60,365)
Interest income		**(575)**	(1)
Interest expense		**34,039**	27,616
Loss on disposal of property, plant and equipment		**15**	17
Gain on disposal of subsidiaries	32	**(6,018)**	(11,515)
Gain on dissolution of subsidiaries		**–**	(654)
Fair value gain on contingent consideration			
– consideration shares	31(b)	**(25,574)**	(11,250)
Fair value loss on contingent consideration – convertible bonds	31(a)	**–**	398,496
Loss on early redemption of promissory notes	25	**735**	1,619
Fair value loss on an investment property	15	**–**	51,000
Impairment loss on goodwill	17	**33,878**	546,085
Impairment loss on intangible assets	16	**–**	479
Impairment loss on trade receivables	21	**593**	12,116
Provision for (Reversal of) impairment loss on loans to customers	20	**1,797**	(1,702)
Amortisation		**913**	61
Depreciation		**1,152**	1,132
Exchange differences		**(1,830)**	3,156
Operating cash flows before changes in working capital		**72,884**	78,329
Changes in working capital:			
Loans to customers		**20,252**	(133,157)
Trade receivables		**(29,913)**	(4,603)
Refundable deposits		**–**	7,800
Prepayments, deposits and other receivables		**(3,679)**	8,594
Trade payables		**27,501**	1,027
Accrued expenses, other payables and deposits received		**3,509**	(11,629)
Amount due to a shareholder		**(50,000)**	–
Amount due to a related company		**–**	(60)
Cash generated from (used in) operations		**40,554**	(53,699)
Interest received		**575**	1
Income taxes paid		**(17,677)**	(22,351)
Interest paid		**(1,360)**	(1,396)

CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 April 2015 to 31 December 2015

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Net cash from (used in) operating activities		**22,092**	(77,445)
INVESTING ACTIVITIES			
Cash acquired upon acquisition of subsidiaries – Prima Finance Group	31(a)	**–**	95,694
Cash acquired upon acquisition of subsidiaries – Auto-serve Group	31(b)	**–**	801
Repayment from related parties arising from acquisition of subsidiaries – Prima Finance Group	31(a)	**–**	4,349
Proceeds from disposal of the Foremost Star Group, net of cash disposed of	32(a)	**51,719**	–
Proceeds from disposal of the Star Coal Group, net of cash disposed of	32(b)	**53,296**	–
Proceeds from disposal of the STII Group, net of cash disposed of	32	**–**	19,435
Addition to intangible assets		**(1,088)**	–
Purchases of property, plant and equipment	14	**(1,852)**	(1,989)
Proceeds from disposal of property, plant and equipment		**120**	–
Investment in available-for-sale financial assets	19	**(4,085)**	(4,426)
Net cash from investing activities		**98,110**	113,864
FINANCING ACTIVITIES			
Proceeds from issuance of new shares placements, net of issue costs		**11,870**	48,766
Proceeds from interest-bearing borrowings		**4,948**	43,874
Repayments of interest-bearing borrowings		**(42,442)**	(30,859)
Repayment of principal of promissory notes	25	**(19,000)**	(46,000)
Interest on interest-bearing borrowings		**(216)**	(442)
Interest on promissory notes		**(320)**	–
Dividends paid to non-controlling interests		**(2,106)**	(4,417)
Net cash (used in) from financing activities		**(47,266)**	10,922
Net increase in cash and cash equivalents		**72,936**	47,341
Cash and cash equivalents at beginning of the period/year		**48,721**	1,381
Effect of foreign exchange rate changes, net		**(2,566)**	(1)
Cash and cash equivalents at end of the period/year		**119,091**	48,721
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	23	**119,091**	48,721

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 April 2015 to 31 December 2015

1. CORPORATE INFORMATION

Capital Finance Holdings Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and continues as an exempted company with limited liability in accordance with the Bermuda Companies Act 1981 upon the change of domicile of the Company from the Cayman Islands to Bermuda becoming effective on 30 November 2009, and its shares are listed on The Growth Enterprise Market (the "**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The address of its registered office is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is at Suites 3509-10, 35/F., Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong.

During the period from 1 April 2015 to 31 December 2015, the Company is principally engaged in investment holding and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in (i) short-term financing services in the People's Republic of China (the "**PRC**") and Hong Kong; and (ii) business of development and sales of enterprises software and provision of software maintenance and support services for financial sectors in the PRC, further details of which are set out in Note 5 and Note 18. The Group was also engaged in (i) business of coal trading between the PRC and Indonesia; and (ii) property investments in Hong Kong which were discontinued during the period, further details of which are set out in Note 5 and Note 10.

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise stated.

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**"), 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 consolidated financial statements for the year ended 31 March 2015 except for the adoption of certain new/revised HKFRSs that are relevant to the Group and effective from the current period as set out in Note 3.

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

3. PRINCIPAL ACCOUNTING POLICIES

Adoption of new/revised HKFRSs

Amendments to HKAS 19 (2011): Defined Benefit Plans – Employee Contributions

The narrow-scope amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Annual Improvements Project: 2010-2012 Cycle

The amendments relevant to the Group include the followings.

(1) *HKFRS 2 Share-based Payment*

The amendments add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting condition" and update the definitions of "vesting condition" and "market condition". It specifies in the definition of performance condition that a vesting condition requires specified performance target(s) to be met. A performance target can be defined not only by reference to the operations (or activities) of the entity or the price (or value) of its equity instruments, but also the operations (activities) of another entity in the same group or the price (or value) of the equity instruments of that entity. Further, the performance target can also be related to the performance of the entity as a whole or a part of it or the group, including a division or an individual employee. The period for achieving the performance target shall not extend beyond the end of the service period but may start before (provided not substantially before the commencement of) the service period.

(2) *HKFRS 3 Business Combinations*

These amendments delete the reference to "other applicable HKFRSs" in the classification requirements in HKFRS 3 for contingent consideration in a business combination. All non-equity contingent consideration shall be measured at fair value at the end of each reporting period. Changes in the fair value that are not measurement period adjustments shall be recognised in profit or loss.

(3) *HKFRS 8 Operating Segments*

HKFRS 8 is updated as follows:

a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

b) It is clarified that the reconciliation of the total reportable segments' assets to the entity's assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised HKFRSs (Continued)

Annual Improvements Project: 2010-2012 Cycle *(Continued)*

(4) *HKFRS 13 Fair Value Measurement*

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

(5) *HKAS 16 Property, Plant and Equipment*

HKAS 16 originally required the revalued accumulated depreciation to be restated proportionately with the change in the gross carrying amount. However, it is noted that accumulated depreciation would not be restated proportionately to the gross carrying amount in situations in which both the gross carrying amount and the carrying amount are revalued non-proportionately to each other. Consequently, HKAS 16 is amended such that a) the gross carrying amount of the revalued asset should be adjusted in a manner that is consistent with the revaluation of its carrying amount; and b) the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account the accumulated impairment losses.

(6) *HKAS 24 Related Party Disclosures*

HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the "management entity") to the reporting entity or to the holding company of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed.

(7) *HKAS 38 Intangible Assets*

The issue identified above in restatement of accumulated depreciation in revaluation of a property, plant or equipment also applies to the revaluation of intangible assets and HKAS 38 is amended accordingly.

Annual Improvements Project – 2011-2013 Cycle

The amendments relevant to the Group include the followings.

(1) *HKFRS 1 First time Adoption of Hong Kong Financial Reporting Standards*

The basis for conclusions is amended to clarify that notwithstanding the advantages of applying a more recent version of a HKFRS, HKFRS 1 permits an entity to use either the HKFRS that is currently mandatory or the new HKFRS that is not yet mandatory, if that new HKFRS permits early application. If an entity chooses to apply a new HKFRS, that new HKFRS will be applied throughout all the periods presented unless HKFRS 1 provides an exemption or an exception that permits or requires otherwise.

(2) *HKFRS 3 Business Combinations*

HKFRS 3 is amended to exclude from its scope the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangements themselves.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Adoption of new/revised HKFRSs (Continued)

Annual Improvements Project – 2011-2013 Cycle *(Continued)*

(3) HKFRS 13 Fair Value Measurement

These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32.

(4) HKAS 40 Investment Property

These amendments clarify that judgement is needed to determine whether a transaction is an acquisition of an asset or a group of assets or is a business combination within the scope of HKFRS 3. That judgement is not based on HKAS 40, but is instead based on the guidance in HKFRS 3. Further, HKFRS 3 and HKAS 40 are not mutually exclusive. Determining whether a specific transaction meets the definition of a business combination as defined in HKFRS 3 and includes an investment property as defined in HKAS 40 requires the separate application of both HKFRS 3 and HKAS 40.

Future changes in HKFRSs

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

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

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been deferred/removed

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Change of financial period end date

During the period, the Company changed its financial period end date from 31 March to 31 December in order to align with the financial period end date of the operating subsidiaries established in the PRC.

Accordingly, the current annual financial period covered a nine-month period from 1 April 2015 to 31 December 2015 and the comparative amounts (except for the consolidated statement of financial position and related notes) covered a twelve-month period from 1 April 2014 to 31 March 2015 and therefore, they may not be entirely comparable.

Impact of the Hong Kong Companies Ordinance (Cap. 622)

The financial-reporting requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance comes into operation for the preparation of these consolidated financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the consolidated financial statements for the year ended 31 March 2015. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

Basis of measurement

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

Basis of consolidation

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Basis of consolidation (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

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

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

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

Subsidiaries

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Goodwill

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

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

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

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

Discontinued operations

A discontinued operation is a component of the Group that comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Group. It represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

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

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

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

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

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

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

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

Investment property

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Intangible assets (other than goodwill)

Master framework purchase agreements (the "LOIs")

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

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite useful lives are not amortised and stated at cost less any accumulated impairment losses while intangible assets acquired in a business combination with definite useful lives are amortised over the estimated useful lives and stated at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments

(i) Financial assets

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

Loans and receivables

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

Available-for-sale financial assets

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

(ii) Impairment loss on financial assets

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

– significant financial difficulty of the debtor;

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

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

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

(iii) Financial liabilities

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

Financial liabilities at amortised cost

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

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

(iv) Effective interest method

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

(v) Convertible bonds

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

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

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

(vi) Equity instruments

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

(vii) Derecognition

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

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

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

Cash and cash equivalents

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

Revenue recognition

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

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

(i) Sale of goods

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Revenue recognition (Continued)

(ii) Interest income

Interest income (as the case may be, including the administration fees that are an integral part of the effective interest) from entrusted loans, pawn loans, micro credit loans and other financial assets which yield interest is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(iii) Financial consultancy income

Financial consultancy income is recognised when the services are rendered.

(iv) Rental income

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

(v) Service income

Service income is recognised when the services are rendered.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Foreign currencies (Continued)

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

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

Impairment of non-current assets excluding goodwill

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions have been complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Leases

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

As lessor

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

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

As lessee

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

Borrowing costs

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

Employee benefits

(i) Short term benefits

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

(ii) Pension obligations

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

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Income tax

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

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

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

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

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

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

Related parties

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

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

  (ii) has significant influence over the Group; or

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

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Related parties (Continued)

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

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

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

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

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

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

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

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

(viii) The entity, or any member of a group of which it is a part, provides key management personnel service to the Group or to the holding company of the Group.

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

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

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

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

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

Segment reporting

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Key sources of estimation uncertainty

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

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

(b) Useful lives of property, plant and equipment

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

(c) Impairment of intangible assets with indefinite useful lives

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

(d) Impairment of goodwill

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

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

Key sources of estimation uncertainty (Continued)

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

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

(f) Impairment of loans to customers

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

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

(g) Income tax

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

(h) Intangible assets and amortisation

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

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

Critical judgements made in applying accounting policies

(i) Contingent consideration – consideration shares

The Group's contingent consideration – consideration shares has been valued based on the forecasted profits of the acquired entities for the future periods and the share price of the Company at measurement date. The valuation requires the Group to make estimates about future period's profits of the acquired entities with reference to their business plan to be implemented and future market conditions, and hence they are subject to uncertainty.

(j) Subsidiaries governed under structured agreements

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

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

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

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

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

* English name for identification purpose only

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

Critical judgements made in applying accounting policies (Continued)

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

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

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

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

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

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

5. SEGMENTAL INFORMATION

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

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

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

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

(c) The coal trading segment comprised the business of coal trading between the PRC and Indonesia. The Group entered into a disposal agreement with an independent third party, to dispose of the entire equity interest and shareholder's loan of Star Coal International Investment Company Limited ("Star Coal", together with its subsidiaries are referred to as the "Star Coal Group"), an indirect wholly-owned subsidiary of the Company which through its 90% owned subsidiary carried out all of the Group's coal trading operation. Accordingly, the coal trading segment was classified as a discontinued operation, details of which are set out in Note 10(b). The disposal was completed on 31 December 2015; and

(d) The property investments segment comprised investment in various properties for rental income purposes. The Group entered into a disposal agreement with an independent third party, to dispose of the entire equity interest and shareholder's loan of Foremost Star Investments Limited ("Foremost Star", together with its subsidiary are referred to as the "Foremost Star Group"), an indirect wholly-owned subsidiary of the Company which through its wholly-owned subsidiary carried out all of the Group's property investments operation. Accordingly, the property investments segment was classified as a discontinued operation, details of which are set out in Note 10(a). The disposal was completed on 10 July 2015.

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

5. SEGMENTAL INFORMATION *(Continued)*

(i) *Business segments*

Period from 1 April 2015 to 31 December 2015

	Continuing operations			Discontinued operations			
	Short-term financing services HK$'000	Development and sales of software HK$'000	Sub-total HK$'000	Coal trading HK$'000	Property investments HK$'000	Sub-total HK$'000	Consolidated HK$'000
Segment revenue							
External sales and services and reportable segment revenue	103,395	17,510	120,905	29,093	–	29,093	149,998
Reportable segment results	77,280	(29,074)	48,206	5,728	1,499	7,227	55,433
Impairment loss on goodwill	–	(33,878)	(33,878)	–	–	–	(33,878)
Impairment loss on trade receivables	–	(593)	(593)	–	–	–	(593)
Provision for impairment loss on loans to customers	(1,797)	–	(1,797)	–	–	–	(1,797)

Year ended 31 March 2015 (Restated)

	Continuing operations			Discontinued operations			
	Short-term financing services HK$'000	Development and sales of software HK$'000	Sub-total HK$'000	Coal trading HK$'000	Property investments HK$'000	Sub-total HK$'000	Consolidated HK$'000
Segment revenue							
External sales and services and reportable segment revenue	122,589	1,007	123,596	75,381	1,770	77,151	200,747
Reportable segment results	(437,353)	(6,546)	(443,899)	(9,377)	(50,988)	(60,365)	(504,264)
Impairment loss on goodwill	(538,480)	(7,605)	(546,085)	–	–	–	(546,085)
Impairment loss on intangible assets	–	–	–	(479)	–	(479)	(479)
Impairment loss on trade receivables	–	–	–	(12,116)	–	(12,116)	(12,116)
Reversal of impairment loss on loans to customers	1,702	–	1,702	–	–	–	1,702
Fair value loss on an investment property	–	–	–	–	(51,000)	(51,000)	(51,000)

5. SEGMENTAL INFORMATION *(Continued)*

(i) Business segments (Continued)

Reconciliation of reportable segment results, assets and liabilities:

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Restated) HK$'000
Continuing operations		
Profit (Loss) before income tax		
Reportable segment profit (loss)	**48,206**	(443,899)
Interest income on bank deposits	**–**	1
Gain on disposal of subsidiaries	**–**	11,515
Fair value gain on contingent consideration – consideration shares	**25,574**	11,250
Fair value loss on contingent consideration – convertible bonds	**–**	(398,496)
Loss on early redemption of promissory notes	**(735)**	(1,619)
Unallocated corporate expenses	**(46,513)**	(56,713)
Consolidated profit (loss) before income tax	**26,532**	(877,961)
Discontinued operations		
Profit (Loss) before income tax		
Operating profit (loss) for the reportable segments	**1,209**	(60,365)
Gain on disposal of subsidiaries	**6,018**	–
	7,227	(60,365)
Continuing and discontinued operations		
Profit (Loss) before income tax	**33,759**	(938,326)

5. SEGMENTAL INFORMATION *(Continued)*

(i) Business Segments (Continued)

	31 December 2015 HK$'000	31 March 2015 HK$'000
Segment assets		
Short-term financing services	**806,769**	817,893
Development and sales of software	**52,530**	88,882
Property investments	**–**	51,175
Coal trading	**–**	95,452
Reportable segment assets	**859,299**	1,053,402
Unallocated corporate assets	**32,687**	4,576
Consolidated total assets	**891,986**	1,057,978
Segment liabilities		
Short-term financing services	**(61,281)**	(89,470)
Development and sales of software	**(7,177)**	(8,735)
Property investments	**–**	(28)
Coal trading	**–**	(55,208)
Reportable segment liabilities	**(68,458)**	(153,441)
Unallocated corporate liabilities	**(540,607)**	(635,291)
Consolidated total liabilities	**(609,065)**	(788,732)

5. SEGMENTAL INFORMATION *(Continued)*

(ii) Geographical segments

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

	Revenue from external customers		Specified non-current assets	
	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015 (Restated)	**31 December 2015**	31 March 2015 (Restated)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
Hong Kong	**4,200**	–	**859**	1,189
PRC	**116,705**	123,596	**362,132**	418,405
	120,905	123,596	**362,991**	419,594
Discontinued operations				
Hong Kong	**–**	1,770	**–**	85,808
PRC	**29,093**	75,381	**–**	–
	29,093	77,151	**–**	85,808
	149,998	200,747	**362,991**	505,402

(iii) Information about major customers

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

Revenue from one (year ended 31 March 2015: one) customer contributed to 10% or more of the Group's revenue for the period from 1 April 2015 to 31 December 2015 in the amount of approximately HK$29,093,000 (year ended 31 March 2015: approximately HK$75,381,000) as included in the above disclosures for the coal trading segment revenue.

The customer base in short-term financial services segment is diversified and one (year ended 31 March 2015: Nil) customer contributed to 10% or more of the Group's revenue for the period from 1 April 2015 to 31 December 2015 in the amount of approximately HK$15,507,000 (year ended 31 March 2015: HK$Nil).

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

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

The Group's revenue represents the short-term financing services income, net of direct financing costs, and development and sales of software and software maintenance service income. An analysis of the Group's revenue, other income, and other gains and losses, net for the continuing operations is as follows:

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Restated) HK$'000
Continuing operations			
Revenue			
Interest income from loans to customers		**59,230**	61,997
Financial consultancy income		**45,525**	61,988
Short-term financing services related expenses	7	**(1,360)**	(1,396)
Short-term financing services income, net		**103,395**	122,589
Development and sales of software		**17,510**	1,007
		120,905	123,596
Other income, and other gains and losses, net			
Bank interest income		**575**	1
Gain on dissolution of subsidiaries		**–**	654
Loss on disposal of property, plant and equipment		**(15)**	(17)
Sundry income		**892**	178
Other consultancy service income		**–**	1,119
Government grants		**5,769**	553
		7,221	2,488

7. PROFIT (LOSS) BEFORE INCOME TAX

The Group's profit (loss) before income tax for both continuing and discontinued operations is arrived at after charging (crediting) the following:

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Restated) HK$'000
Finance costs			
Continuing operations			
Effective interest expenses on			
– convertible bonds	26	**29,326**	22,521
– promissory notes	25	**3,137**	3,257
Interest expense on funds for loans to customers		**1,360**	1,396
		33,823	27,174
Less: interest expense included in revenue	6	**(1,360)**	(1,396)
		32,463	25,778
Discontinued operations			
Interest on bank borrowings wholly repayable within five years	10(b)	**216**	442
		32,679	26,220
Other items			
Continuing operations			
Staff costs (excluding directors' emoluments)	8(a)		
Salaries and wages		**16,631**	9,636
Pension scheme contributions		**3,238**	1,378
		19,869	11,014
Auditor's remuneration			
– Audit services		**1,516**	1,420
– Non-audit services		**570**	680
Depreciation of property, plant and equipment		**1,152**	1,132
Amortisation of intangible assets		**913**	61
Legal and professional fees related to the acquisition of subsidiaries		**–**	4,293
Minimum lease payments under operating leases for land and buildings		**6,618**	6,895
Discontinued operations			
Cost of inventories sold	10(b)	**27,522**	71,604

8. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and chief executive's emoluments

The aggregate amounts of emoluments received and receivable by the directors and chief executive of the Company in connection with the management of the affairs of the Company and its subsidiaries are as follows:

Period from 1 April 2015 to 31 December 2015

Name of Directors	Fees HK$'000	Basic salaries, allowance and other benefits HK$'000	Pension scheme contributions HK$'000	Discretionary bonus HK$'000	Total HK$'000
Executive directors					
Mr. Han Jianli	198	–	–	–	198
Mr. Wong Wai Sing	158	–	8	–	166
Mr. Zhang Wei (*appointed on 1 December 2015*)	80	–	–	415	495
Independent non-executive directors					
Mr. Kwok Kam Tim (*resigned on 4 September 2015*)	85	–	–	–	85
Mr. Chen Yihua	150	–	–	–	150
Mr. Du Hui	135	–	–	–	135
Ms. Sze Sau Wan (*appointed on 4 September 2015*)	39	–	–	–	39
	845	–	8	415	1,268

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

(a) *Directors' and chief executive's emoluments (Continued)*

Year ended 31 March 2015

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

Note: Mr. Ho Pui Tin, Terence and Mr. Han Jianli were the chief executive officer ("CEO") for the period from 1 April 2014 to 31 July 2014 and from 31 July 2014 to 1 December 2015, respectively. Mr. Zhang Wei was appointed as the CEO since 1 December 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the period from 1 April 2015 to 31 December 2015 (year ended 31 March 2015: HK$Nil). In addition, no emolument was paid by the Group to the directors as an inducement to join, or upon joining the Group, or as a compensation for loss of office (year ended 31 March 2015: HK$Nil).

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

(b) *Five highest paid individuals*

Of the five highest paid individuals in the Group during the period from 1 April 2015 to 31 December 2015, one (year ended 31 March 2015: one) individual is director of the Company whose emoluments are set out in Note 8(a) above. The remuneration of the remaining four (year ended 31 March 2015: four) non-director individuals are as follows:

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Basic salaries and other allowances	**2,457**	1,815
Pension scheme contributions	**76**	48
	2,533	1,863

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

	Number of individuals	
	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015
Nil to HK$1,000,000	**4**	4

There was no arrangement under which a non-director, highest paid individual waived or agreed to waive any remuneration during the period from 1 April 2015 to 31 December 2015 (year ended 31 March 2015: HK$Nil). In addition, no emolument was paid by the Group to the non-director, highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (year ended 31 March 2015: HK$Nil).

9. INCOME TAX EXPENSE

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

	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015 (Restated)
	HK$'000	HK$'000
Continuing operations		
Current tax		
PRC		
Current tax charge for the period/year	**15,588**	22,172
Under-provision in respect of prior years	**30**	–
Deferred tax (credit) expense (Note 28)	**(2,737)**	305
Income tax expense for continuing operations	**12,881**	22,477
Discontinued operations		
Current tax		
Hong Kong		
Current tax charge for the period/year	**277**	527
Over-provision in respect of prior years	**–**	(251)
Deferred tax credit (Note 28)	**–**	(2,078)
Income tax expense (credit) for discontinued operations	**277**	(1,802)
Total income tax expense for continuing and discontinued operations	**13,158**	20,675

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 period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015.

The subsidiaries of the Group established in the PRC are subject to enterprise income tax ("EIT") of the PRC at 25% (year ended 31 March 2015: 25%), except for Beijing Auto-serve Software Company Limited which is subject to EIT of the PRC at a preferential rate of 15% for high and new technology enterprises up to 2017.

Pursuant to the relevant laws and implementation rules announced by the People's Government of the Tibet Autonomous Region, a subsidiary of the Group established in Tibet of the PRC is subject to the EIT of the PRC at 15% up to 2020.

9. INCOME TAX EXPENSE *(Continued)*

(b) The income tax expense (credit) for the period/year can be reconciled to the accounting profit (loss) before income tax from continuing operations as follows:

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Restated) HK$'000
Continuing operations		
Profit (Loss) before income tax	**26,532**	(877,961)
Tax calculated at the applicable rate	**6,582**	(139,580)
Tax effect on income not taxable for tax purpose	**(5,045)**	(3,194)
Tax effect on unused tax losses not recognised and expenses not deductible for taxation purpose	**13,721**	165,375
Tax concession received	**(2,407)**	(124)
Under-provision in respect of prior years	**30**	–
Income tax expense for the period/year	**12,881**	22,477

The applicable tax rate is the weighted average of rates prevailing in the territories in which the Group 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.

For the preparation of the above reconciliation, the directors consider the Group is no longer principally subjected to Hong Kong Profits Tax in the Group's continuing operations and therefore, the existing basis for the determination of the applicable tax rate is adopted with comparative information is restated for consistency purpose.

10. DISCONTINUED OPERATIONS

(a) Property Investments Operation

On 9 June 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Foremost Star to an independent third party at a consideration of HK$52,000,000. The Foremost Star Group carried out all of the Group's property investments operation. Accordingly, the Group's property investments operation was classified as a discontinued operation. The disposal was completed on 10 July 2015.

10. DISCONTINUED OPERATIONS *(Continued)*

(b) *Coal Trading Operation*

On 14 July 2015, the Group entered into a disposal agreement to dispose of its entire equity interest and shareholder's loan of Star Coal to an independent third party at a consideration of HK$54,000,000. The Star Coal Group carried out all of the Group's coal trading operation. Accordingly, the Group's coal trading operation was classified as a discontinued operation. The disposal was completed on 31 December 2015.

The results of the discontinued operations have been presented separately in the consolidated income statement. Comparative figures have been restated to reflect the discontinued operations in the consolidated income statement.

The results of the discontinued operations for the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015 are analysed as follow:

		Period from 1 April 2015 to 31 December 2015			Year ended 31 March 2015		
	Note	Coal trading HK$'000	Property investments HK$'000	Total HK$'000	Coal trading HK$'000	Property investments HK$'000	Total HK$'000
Revenue		**29,093**	**–**	**29,093**	75,381	1,770	77,151
Cost of sales		**(27,522)**	**–**	**(27,522)**	(71,604)	–	(71,604)
Gross profit		**1,571**	**–**	**1,571**	3,777	1,770	5,547
Other gains and losses, net		**305**	**–**	**305**	752	8	760
Selling and distribution expenses		**(285)**	**–**	**(285)**	(684)	–	(684)
Administrative and other expenses		**(20)**	**(146)**	**(166)**	(185)	(1,766)	(1,951)
Fair value loss on an investment property	15	**–**	**–**	**–**	–	(51,000)	(51,000)
Impairment loss on intangible assets	16	**–**	**–**	**–**	(479)	–	(479)
Impairment loss on trade receivables	21(c)	**–**	**–**	**–**	(12,116)	–	(12,116)
Finance costs	7	**(216)**	**–**	**(216)**	(442)	–	(442)
Operating profit (loss)		**1,355**	**(146)**	**1,209**	(9,377)	(50,988)	(60,365)
Gain on disposal of subsidiaries	32	**4,373**	**1,645**	**6,018**	–	–	–
Profit (Loss) before income tax		**5,728**	**1,499**	**7,227**	(9,377)	(50,988)	(60,365)
Income tax (expense) credit		**(277)**	**–**	**(277)**	1,551	251	1,802
Profit (Loss) for the period/year		**5,451**	**1,499**	**6,950**	(7,826)	(50,737)	(58,563)

10. DISCONTINUED OPERATIONS *(Continued)*

The cash flow information of the discontinued operations was as follows:

	Period from 1 April 2015 to 31 December 2015			Year ended 31 March 2015		
	Coal trading HK$'000	**Property investments HK$'000**	**Total HK$'000**	Coal trading HK$'000	Property investments HK$'000	Total HK$'000
Net cash from (used in) operating activities	**10,726**	**(10)**	**10,716**	(10,874)	(10)	(10,884)
Net cash flow from investing activities	**–**	**–**	**–**	–	–	–
Net cash (used in) from financing activities	**(12,133)**	**–**	**(12,133)**	12,133	–	12,133
Net (decrease) increase in cash and cash equivalents	**(1,407)**	**(10)**	**(1,417)**	1,259	(10)	1,249

The earnings (loss) per share information of the discontinued operations was as follows:

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Earnings (Loss) per share for the discontinued operations attributable to owners of the Company:		
Basic (Hong Kong cents)	**0.60**	(6.41)
Diluted (Hong Kong cents)	**0.23**	(6.41)

The basic and diluted earnings (loss) per share for the discontinued operations are calculated by dividing the profit (loss) for the period/year from the discontinued operations attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation and weighted average number of ordinary shares for diluted earnings per share computation respectively. The denominators used are the same as those detailed in Note 13.

11. LOSS FOR THE PERIOD/YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the period from 1 April 2015 to 31 December 2015 includes loss of HK$29,280,000 (year ended 31 March 2015: HK$939,342,000) which has been dealt with in the financial statements of the Company.

12. DIVIDEND

No dividend has been paid or declared by the Company for the period from 1 April 2015 to 31 December 2015 (year ended 31 March 2015: HK$Nil).

The directors of the Company do not recommend for payment of a final dividend for the period from 1 April 2015 to 31 December 2015 (year ended 31 March 2015: HK$Nil).

13. EARNINGS (LOSS) PER SHARE

The calculations of basic earnings (loss) per share for the current period and prior year are based on the profit (loss) for the period/year attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015.

The calculations of diluted earnings (loss) per share for the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015 are based on the profit (loss) for the period/year attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015 and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

As the Company's outstanding convertible bonds had an anti-dilutive effect to the basic loss per share calculation for the year ended 31 March 2015, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share. Therefore the basic and diluted loss per share for the year ended 31 March 2015 are equal.

For the period from 1 April 2015 to 31 December 2015, the diluted earnings per share for (i) continuing and discontinued operations and (ii) discontinued operations would reduce if the Company's outstanding convertible bonds were taken into account, as those convertible bonds had a dilutive effect to the basic earnings per share for (i) continuing and discontinued operations and (ii) discontinued operations and hence the potential dilutive shares is assumed in the computation of diluted earnings per share.

The computation of diluted earnings per share for continuing operations does not assume conversion of the convertible bonds as their conversion would result in an increase in earnings per share.

13. EARNINGS (LOSS) PER SHARE *(Continued)*

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

	Continuing operations		Discontinued operations		Total	
	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015 (Restated)	**Period from 1 April 2015 to 31 December 2015**	Year ended 31 March 2015 (Restated)	**Period from 1 April 2015 to 31 December 2015**	Year ended 31 March 2015
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Profit (Loss)						
Profit (Loss) attributable to the owners of the Company, used in basic earnings (loss) per share calculation	**12,157**	(902,204)	**6,843**	(57,784)	**19,000**	(959,988)
Adjustment of profit (loss) attributable to the owners of the Company: Interest saving of the convertible bonds	**29,326**	–	**–**	–	**29,326**	–
Profit (Loss) attributable to the owners of the Company, used in the diluted earnings (loss) per share calculation	**41,483**	(902,204)	**6,843**	(57,784)	**48,326**	(959,988)

	Continuing operations		Discontinued operations		Total	
	Period from 1 April 2015 to 31 December 2015	Year ended 31 March 2015	**Period from 1 April 2015 to 31 December 2015**	Year ended 31 March 2015	**Period from 1 April 2015 to 31 December 2015**	Year ended 31 March 2015
	'000	'000	**'000**	'000	**'000**	'000
Share						
Weighted average number of ordinary shares for basic earnings (loss) per share calculation	**1,141,551**	901,453	**1,141,551**	901,453	**1,141,551**	901,453
Effect of dilutive potential ordinary shares: Conversion of convertible bonds	**1,785,028**	–	**1,785,028**	–	**1,785,028**	–
Weighted average number of ordinary share for diluted earnings (loss) per share calculation	**2,926,579**	901,453	**2,926,579**	901,453	**2,926,579**	901,453

14. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings located in the PRC HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
As at 1 April 2014	12,942	2,241	8,463	–	23,646
Additions	–	1,057	932	–	1,989
Additions through acquisition of subsidiaries (Note 31)	–	–	785	906	1,691
Disposal/Written off	–	(1,640)	(249)	–	(1,889)
Disposal through disposal of subsidiaries (Note 32)	(12,941)	(600)	(7,477)	–	(21,018)
Exchange realignments	(1)	–	12	10	21
As at 31 March 2015 and 1 April 2015	–	1,058	2,466	916	4,440
Additions	–	8	1,547	297	1,852
Disposal/Written off	–	–	(637)	–	(637)
Exchange realignments	–	–	(132)	(66)	(198)
As at 31 December 2015	–	1,066	3,244	1,147	5,457
Accumulated depreciation					
As at 1 April 2014	3,265	2,170	8,054	–	13,489
Disposal/Written off	–	(1,640)	(232)	–	(1,872)
Disposal through disposal of subsidiaries (Note 32)	(3,563)	(600)	(7,477)	–	(11,640)
Charge for the year	298	335	308	191	1,132
Exchange realignments	–	–	6	6	12
As at 31 March 2015 and 1 April 2015	–	265	659	197	1,121
Disposal/Written off	–	–	(502)	–	(502)
Charge for the period	–	298	607	247	1,152
Exchange realignments	–	–	(24)	(24)	(48)
As at 31 December 2015	–	563	740	420	1,723
Net carrying amount					
As at 31 December 2015	–	503	2,504	727	3,734
As at 31 March 2015	–	793	1,807	719	3,319

15.INVESTMENT PROPERTY

	Note	**Period from 1 April 2015 to 31 December 2015 HK$'000**	Year ended 31 March 2015 HK$'000
Fair value			
At the beginning of the reporting period		**50,000**	101,000
Change in fair value		**–**	(51,000)
Disposal through disposal of subsidiaries	32(a)	**(50,000)**	–
At the end of the reporting period		**–**	50,000

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

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

The fair value of the investment property as at 31 March 2015 was a level 2 recurring fair value measurement, which used significant observable inputs in arriving at fair value. During the period from 1 April 2015 to 31 December 2015, there were no transfers between level 1 and level 2, or transfers into level 3.

The fair value measurement was based on the highest and best use of the investment property, which did not differ from its actual use.

16. INTANGIBLE ASSETS

	The LOIs HK$'000	Pawn Licences HK$'000	Trademarks HK$'000	Product Licences HK$'000	System Software HK$'000	Total HK$'000
Cost						
As at 1 April 2014	60,000	–	–	–	–	60,000
Additions through acquisitions of subsidiaries (Note 31)	–	167,845	15,841	2,996	–	186,682
Exchange realignments	–	921	72	13	–	1,006
As at 31 March 2015 and 1 April 2015	60,000	168,766	15,913	3,009	–	247,688
Additions	**–**	**–**	**–**	**–**	**1,088**	**1,088**
Disposal through disposal of subsidiaries (Note 32(b))	**(60,000)**	**–**	**–**	**–**	**–**	**(60,000)**
Exchange realignments	**–**	**(9,449)**	**(891)**	**(169)**	**(38)**	**(10,547)**
As at 31 December 2015	**–**	**159,317**	**15,022**	**2,840**	**1,050**	**178,229**
Accumulated amortisation and impairment losses						
As at 1 April 2014	23,713	–	–	–	–	23,713
Amortisation	–	–	–	61	–	61
Impairment losses	479	–	–	–	–	479
As at 31 March 2015 and 1 April 2015	24,192	–	–	61	–	24,253
Amortisation	**–**	**–**	**–**	**883**	**30**	**913**
Disposal through disposal of subsidiaries (Note 32(b))	**(24,192)**	**–**	**–**	**–**	**–**	**(24,192)**
Exchange realignments	**–**	**–**	**–**	**(34)**	**–**	**(34)**
As at 31 December 2015	**–**	**–**	**–**	**910**	**30**	**940**
Net carrying amount						
As at 31 December 2015	**–**	**159,317**	**15,022**	**1,930**	**1,020**	**177,289**
As at 31 March 2015	35,808	168,766	15,913	2,948	–	223,435

16. INTANGIBLE ASSETS *(Continued)*

The LOIs

The LOIs relate to the Coal Trading CGU (as defined in Note 17) and represented two separate legally binding master framework purchase agreements entered into between the CIFC Group (as defined in Note 17) and a customer and a supplier, which were acquired as part of the Group's acquisition of the CIFC Group in previous years. The useful lives of the LOIs were estimated by the Group to be indefinite as the LOIs are renewed automatically and unconditionally at no additional cost and the directors of the Company consider that there is no foreseeable limit on the period of time over which the LOIs are expected to generate economic benefits to the Group.

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

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

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

	31 March 2015
Growth in revenue year-on-year during the projection period	No growth
Post-tax discount rate per annum	12.68%
Budgeted gross margins	5.4%
Perpetual growth rate per annum	2.5%

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

No further impairment on the Coal Trading CGU was recognised for the period from 1 April 2015 to 31 December 2015 because the Group has disposed of the entire equity interest and shareholder's loan of the Coal Trading CGU and recognised a gain on disposal of approximately HK$4,373,000 as set out in Note 32(b).

16. INTANGIBLE ASSETS *(Continued)*

Pawn Licences

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

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

Trademarks

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

Product Licences

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

System Software

The System Software represented the expenditure incurred for the development of the system software and are amortised over 3 years under the straight-line method.

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

The carrying amounts of the Pawn Licences, the Trademarks, the Product Licences and the System Software have been included in the impairment assessment of goodwill (as detailed in Note 17) for the respective cash-generating units (the "CGUs"):

Short-term Financing CGU: Pawn Licences

Software CGU: Trademarks, Product Licences and System Software

17. GOODWILL

	Coal Trading CGU HK$'000	Short-term Financing CGU HK$'000	Software CGU HK$'000	Total HK$'000
Cost				
As at 1 April 2014	24,425	–	–	24,425
Additions through acquisitions of subsidiaries	–	707,813	64,221	772,034
Exchange realignments	–	3,883	291	4,174
As at 31 March 2015 and 1 April 2015	24,425	711,696	64,512	800,633
Disposal through disposal of subsidiaries (Note 32(b))	**(24,425)**	**–**	**–**	**(24,425)**
Exchange realignments	**–**	**(39,848)**	**(3,612)**	**(43,460)**
As at 31 December 2015	**–**	**671,848**	**60,900**	**732,748**
Accumulated impairment losses				
As at 1 April 2014	24,425	–	–	24,425
Impairment losses	–	538,480	7,605	546,085
Exchange realignments	–	1,441	34	1,475
As at 31 March 2015 and 1 April 2015	24,425	539,921	7,639	571,985
Disposal through disposal of subsidiaries (Note 32(b))	**(24,425)**	**–**	**–**	**(24,425)**
Impairment losses	**–**	**–**	**33,878**	**33,878**
Exchange realignments	**–**	**(30,230)**	**(428)**	**(30,658)**
As at 31 December 2015	**–**	**509,691**	**41,089**	**550,780**
Net carrying amount				
As at 31 December 2015	**–**	**162,157**	**19,811**	**181,968**
As at 31 March 2015	–	171,775	56,873	228,648

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

17. GOODWILL *(Continued)*

Goodwill attributable to the Coal Trading CGU was fully impaired in prior years and was disposed of during the period ended 31 December 2015.

Goodwill arising in prior years related to the acquisitions of the Prima Finance Group (as defined in Note 31(a)), and the Auto-serve Group (as defined in Note 31(b)) because the consideration paid for these acquisitions effectively included amounts in relation to the benefits originated from fast growing pawn broker business, business potential of the consulting business and the software development and sales business, expected synergies, future market development and the assembled workforce of the acquired businesses. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes. Details of these acquisitions are set out in Note 31.

Goodwill acquired through business combinations during the year ended 31 March 2015 has been allocated to the CGUs as follows for impairment test:

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

Software CGU: Goodwill-Auto-serve Group.

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

Short-term Financing CGU

During the year ended 31 March 2015, the Group is of the opinion, based on the business value calculation, the Short-term Financing CGU is partially impaired by approximately HK$538,480,000, represented by an initial impairment loss of approximately HK$262,546,000 and a further impairment loss of approximately HK$275,934,000, which was charged to profit or loss for that year.

The initial impairment loss of approximately HK$262,546,000 is largely due to the increase in the fair value of the Initial Consideration (as defined in the Note 31(a)) and Contingent Consideration (as defined in the Note 31(a)). As disclosed in the Circular – VSA, the fair value of the Initial Consideration and the Contingent Consideration as at the valuation date of 30 May 2014 was approximately HK$744,401,000 and HK$52,545,000 respectively. The market price of shares of the Company has increased since 30 May 2014 and up to 25 June 2014 (the completion date of the acquisition, the "Completion Date"). The fair value of the Initial Consideration and the Contingent Consideration of approximately HK$1,091,079,000 and approximately HK$83,356,000, respectively, at the Completion Date, was estimated by GCA, which has increased as a result of such increase in the share price of the Company, which in turn has resulted in a substantial amount of goodwill recognised in connection with the acquisition of the Prima Finance Group.

17. GOODWILL *(Continued)*

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

As at 31 December 2015, the Group determines that there is no impairment of other intangible assets and goodwill in respect of the short-term financing CGU, as its recoverable amount exceeds its carrying value.

Software CGU

During the year ended 31 March 2015, the management of the Group is of the opinion, based on the business value calculation, the Software CGU is partially impaired by approximately HK$7,605,000 which was charged to profit or loss for that year.

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

As at 31 March 2015, the Group determines that there is no further impairment of the Software CGU, as the recoverable amount exceeds its carrying value.

As at 31 December 2015, the management of the Group is of the opinion, based on the business valuation calculation, the Software CGU was further impaired by approximately HK$33,878,000 which was charged to profit or loss for the period from 1 April 2015 to 31 December 2015.

The impairment is mainly due to the result of deterioration in the equity value of the Auto-serve Group arising from the continuous exacerbation of market condition and the implementation of new regulatory acts as announced by the State Council of the PRC regarding to peer-to-peer lending industry which lead to a significant increment of the Auto-serve Group's software development cost and an expected negative impact on the Auto-serve Group's revenue and growth rate.

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

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

17. GOODWILL *(Continued)*

Key assumptions used for business values calculation are as follows:

	Short-term Financing CGU		Software CGU	
	31 December 2015	31 March 2015	**31 December 2015**	31 March 2015
Interest rates	**17.4%-23.0%**	18.7%-25.0%	**N/A**	N/A
Annual revenue growth rate on various service lines	**N/A**	N/A	**10.0%-25.9%**	10.0%-77.2%
Perpetual growth rate	**3.0%**	3.0%	**3.0%**	3.0%
Post-tax discount rate	**12.9%-13.9%**	14.5%-15.5%	**33.8%**	32.3%

Other information on fair value measurement of the CGUs

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

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

Except for the transfer from level 2 into level 3 as detailed in Note 39(a), there were no transfers into or out of level 3 for the above fair value measurement of the CGUs during the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015.

18. PRINCIPAL SUBSIDIARIES

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

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Particulars of issued and paid up share capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Star Trading International Group Company Limited	British Virgin Islands ("BVI")	Hong Kong	United States Dollars ("US$")1	100%	–	Investment holding
Star Fortune Strategy Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Star International Business Group Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Star Coal International Group Company Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
UTD Fortune (Hong Kong) Limited	Hong Kong	Hong Kong	HK$1	–	100%	Provision of administrative services for group entities and provision of money lending services in Hong Kong (to be commenced)
Capital Finance Innovative Technology Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Star Capital Global Limited	BVI	Hong Kong	US$1	100%	–	Investment holding
Prima Finance Holdings Limited	Cayman Islands	Hong Kong	HK$1	–	100%	Investment holding
北京萬馳科技有限公司 Beijing Wanchi Technology Company Limited*	PRC	PRC	Paid-up capital of HK$3,000,000	–	100%	Provision of entrusted loan and financing consultancy service
拉薩嘉德財務顧問有限公司 Lhasa Jiade Financial Consultant Company Limited*	PRC	PRC	Paid-up capital of Renminbi ("RMB") 800,000	–	100%	Provision of entrusted loan and financing consultancy service
北京奧拓思維軟件有限公司 Beijing Auto-serve Software Company Limited*	PRC	PRC	Paid-up capital of RMB5,000,000	–	100%	Provision of development and sales of enterprise software and provision of software maintenance and support services for financial sectors in the PRC

18. PRINCIPAL SUBSIDIARIES *(Continued)*

Name of subsidiary	Country/place of incorporation/ establishment	Place of operation	Particulars of issued and paid up share capital/paid-up capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
北京市金福典當有限責任公司 Beijing City Jinfu Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB40,000,000	–	100%	Provision of pawn loan services in Beijing
北京金祿典當有限責任公司 Beijing Jinlu Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB15,000,000	–	100%	Provision of pawn loan services in Beijing
北京市金壽典當有限責任公司 Beijing City Jinshou Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB40,000,000	–	100%	Provision of pawn loan services in Beijing
北京市金禧典當有限責任公司 Beijing City Jinxi Pawning Company Limited*#	PRC	PRC	Paid-up capital of RMB15,000,000	–	100%	Provision of pawn loan services in Beijing
北京中金福小額貸款有限責任公司 Beijing Zhongjinfu Micro-financing Company Limited*#	PRC	PRC	Paid-up capital of RMB50,000,000	–	79%	Provision of micro-financing services

* English name for identification purpose only.

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

18. PRINCIPAL SUBSIDIARIES *(Continued)*

The companies accounted for as subsidiaries through certain structured agreements including Beijing Jinfu, Beijing Jinlu, Beijing Jinshou, Beijing Jinxi and Beijing Micro-financing are identified as the Group's short-term financing services segment comprising pawn loan business, micro-financing business, entrusted loan business and financial consultancy business. They, in aggregate, contributed a revenue of approximately HK$103,395,000 (year ended 31 March 2015: HK$122,589,000) to the Group, representing approximately 86% (year ended 31 March 2015: 99%) of the Group's total revenue arising from the continuing operations for the period from 1 April 2015 to 31 December 2015, and the total assets and total liabilities for this segment are approximately HK$806,769,000 (31 March 2015: HK$817,893,000) and HK$61,281,000 (31 March 2015: HK$89,470,000), representing approximately 90% (31 March 2015: 77%) and approximately 10% (31 March 2015: 11%) of the Group's total asset and total liabilities as at 31 December 2015, respectively.

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

Financial information of a subsidiary with individually material NCI

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

	Beijing Micro-financing	
	31 December 2015	31 March 2015
Proportion of NCI's ownership interests	**21%**	21%
	HK$'000	HK$'000
Current assets	**101,768**	128,937
Non-current assets	**835**	414
Current liabilities	**(6,366)**	(32,571)
Non-current liabilities	**(23,209)**	(16,672)
Net assets	**73,028**	80,108
Carrying amount of NCI	**15,335**	16,823

18. PRINCIPAL SUBSIDIARIES *(Continued)*

Financial information of a subsidiary with individually material NCI (Continued)

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 (Since the date of acquisition) HK$'000
Revenue/Other income	**15,449**	15,784
Expenses	**(8,337)**	(7,375)
Profit	**7,112**	8,409
Profit attributable to NCI	**1,493**	1,766
Dividends paid to NCI	**(2,106)**	(4,417)
Net cash flows from (used in):		
Operating activities	**26,042**	(4,687)
Investing activities	**(48)**	(23)
Financing activities	**(27,467)**	(3,535)

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2015 HK$'000	31 March 2015 HK$'000
Unlisted investment, at cost	**8,356**	4,426

As at 31 December 2015 and 31 March 2015, the Group holds 7% equity interest of 瀋陽金融商貿開發區互聯小額貸款有限公司 (Shenyang Hulian Micro-financing Company Limited*) ("Shenyang Hulian"), a private entity incorporated in the PRC, which is principally engaged in the provision of micro financing services business. During the period 1 April 2015 to 31 December 2015, the Group has further invested RMB3,500,000 (equivalent to approximately HK$4,085,000) into Shenyang Hulian. The directors of the Company do not believe that the Group is able to control, joint control or exercise significant influence over Shenyang Hulian. It is measured at cost less any accumulated impairment losses at the end of reporting period because the range of reasonable fair value measurements is so significant and the probabilities of the various estimates within the range cannot be reasonably assessed and used that the directors of the Company are of the opinion that its fair value cannot be measured reliably.

* English name for identification purpose only

20. LOANS TO CUSTOMERS

	Note	31 December 2015 HK$'000	31 March 2015 HK$'000
Pawn loans		**253,471**	270,895
Micro-credit loans		**102,600**	128,975
Entrusted loans		**34,514**	34,581
Loans to customers, gross		**390,585**	434,451
Less: Impairment allowances	20(a)		
– Individually assessed		**(4,211)**	(1,917)
– Collectively assessed		**(3,326)**	(4,230)
		(7,537)	(6,147)
Loans to customers, net		**383,048**	428,304

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

The loans provided to customers bore fixed monthly interest and administrative fee rates ranging from 0.4% to 4.6% for the period from 1 April 2015 to 31 December 2015 (year ended 31 March 2015: 1% to 4.6%). Loans to customers are all denominated in RMB.

(a) Movements of impairment allowances are as follows:

	Period from 1 April 2015 to 31 December 2015			Year ended 31 March 2015		
	Individually assessed HK$'000	**Collectively assessed HK$'000**	**Total HK$'000**	Individually assessed HK$'000	Collectively assessed HK$'000	Total HK$'000
At the beginning of the reporting period	**1,917**	**4,230**	**6,147**	–	–	–
Additions of allowances from acquisition of subsidiaries	**–**	**–**	**–**	4,337	3,475	7,812
Provision for (Reversal of) impairment losses charged (credited) to profit or loss	**2,488**	**(691)**	**1,797**	(2,435)	733	(1,702)
Exchange realignments	**(194)**	**(213)**	**(407)**	15	22	37
At the end of the reporting period	**4,211**	**3,326**	**7,537**	1,917	4,230	6,147

20. LOANS TO CUSTOMERS *(Continued)*

(b) *Aging analysis*

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Less than 1 month	**267,260**	194,171
1 to 3 month(s)	**23,340**	49,832
4 to 6 months	**46,284**	78,942
7 to 12 months	**34,084**	100,391
Over 12 months	**12,080**	4,968
	383,048	428,304

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Not yet past due	**325,758**	294,621
Less than 1 month past due	**35,516**	20,910
1 to 3 month(s) past due	**5,002**	24,791
4 to 6 months past due	**7,465**	12,915
7 to 12 months past due	**6,766**	71,717
Over 12 months past due	**2,541**	3,350
	383,048	428,304

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

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

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

20. LOANS TO CUSTOMERS *(Continued)*

(b) *Aging analysis (Continued)*

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Collateralised	**294,465**	336,715
Non-collateralised		
– With guarantee	**88,388**	82,298
– Without guarantee	**195**	9,291
	383,048	428,304

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

21. TRADE RECEIVABLES

	Note	**31 December 2015 HK$'000**	31 March 2015 HK$'000
Trade receivables from third parties		**2,014**	49,812
Impairment allowances	21(c)	**(572)**	(12,116)
		1,442	37,696

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Within 90 days	**996**	18,058
91 to 180 days	**96**	19,069
181 to 365 days	**350**	12,551
Over 365 days	**572**	134
	2,014	49,812

21. TRADE RECEIVABLES *(Continued)*

(b) The Group normally allows an average credit term of 30 days and 60 to 90 days (for the year ended 31 March 2015: 30 days and 60 to 90 days) to its customers for the development and sales of software business and the coal trading business, respectively. For certain well-established customers of the coal trading business with good repayment history and creditworthiness, the Group allows an average credit period beyond 90 days.

(c) Based on the management's assessment of the aging analysis and the subsequent settlement status of the Group's outstanding trade receivables for the development and sales of software business and the coal trading business, the past settlement patterns and the current credit quality of these debtors, the Group recognised impairment allowances to reflect the risk on the recoverability of the amounts due.

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Impairment losses		
At the beginning of the reporting period	**12,116**	–
Increase in allowances	**593**	12,116
Disposal of subsidiaries (Note 32(b))	**(12,116)**	–
Exchange realignments	**(21)**	–
At the end of the reporting period	**572**	12,116

The aging analysis of trade receivables, net of impairment allowances, is as follows:

	31 December 2015 HK$'000	31 March 2015 HK$'000
Not yet past due	**996**	18,058
Less than 30 days past due	**–**	12,788
31 days to 90 days past due	**96**	6,295
91 days to 180 days past due	**–**	186
181 days to 365 days past due	**350**	369
	1,442	37,696

Receivables that were neither past due nor impaired related to customers for which there is no recent history of default. The Group does not hold any collateral over the balances.

22. REFUNDABLE DEPOSITS

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

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

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

The deposit was recovered through the disposal of subsidiaries during the period 1 April 2015 to 31 December 2015 as detailed in Note 32(b).

23. CASH AND CASH EQUIVALENTS

	31 December 2015 HK$'000	31 March 2015 HK$'000
Cash and cash equivalents, represented by bank balances and cash, were denominated in:		
HK$	**34,466**	6,974
RMB	**84,625**	41,712
US$	**–**	35
Total	**119,091**	48,721

24. TRADE PAYABLES

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Within 90 days	**–**	34,545
91 to 180 days	**–**	261
	–	34,806

As at 31 March 2015, the trade payables were non-interest bearing and were normally settled on an average term of 60 to 90 days.

25. PROMISSORY NOTES

	Note	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
At the beginning of the reporting period		**49,808**	–
Issued during the period/year	(i)	**–**	90,932
Early redemption of promissory notes	(ii),(iii)	**(18,265)**	(44,381)
Accrued effective interest expense		**3,137**	3,257
Interest payments		**(320)**	–
Carrying value at the end of the reporting period		**34,360**	49,808
Face value, at the end of the reporting period		**35,000**	54,000

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

(ii) On 5 September 2014 and 25 March 2015, the Company has exercised its right to early redeem promissory notes with aggregate principal amount of HK$46,000,000. The carrying values of the promissory notes redeemed were approximately HK$44,381,000 and a settlement loss of approximately HK$1,619,000 was charged to profit or loss during the year ended 31 March 2015.

(iii) On 13 July 2015, 2 November 2015, 12 November 2015 and 13 November 2015, the Company has exercised its right to early redeem promissory notes with aggregate principal amount of HK$19,000,000. The carrying values of the promissory notes redeemed were approximately HK$18,265,000 and a settlement loss of approximately HK$735,000 was charged to profit or loss during the period from 1 April 2015 to 31 December 2015.

26. CONVERTIBLE BONDS

As part of the acquisition consideration upon the completion of the Group's acquisition of the Prima Finance Group, the Company has issued zero-coupon convertible bonds in the principal amount of HK$420,200,000 ("2019 CB") as part of the Initial Consideration (as defined in Note 31(a)) to the vendors of the Prima Finance Group (including HK$6,699,000 (face value) withheld by the Company as deferred convertible bonds). Based on assessment made by the directors of the Company at the Completion Date (as defined in Note 31(a)), the Company is also expected to issue zero-coupon convertible bonds in the principal amount of HK$40,653,000 as the Contingent Consideration (as defined in Note 31(a)) for the year ended 31 March 2015 which actual amount is subject to the 2014 Actual Profit (as defined in the Circular – VSA) of the Prima Finance Group. Details of the acquisition are set out in Note 31(a).

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

On 13 April 2015, the holders of 2019 CB exercised their rights to convert the zero-coupon convertible bonds in the principal amount of HK$33,000,000 into new ordinary shares of the Company.

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

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

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

26. CONVERTIBLE BONDS *(Continued)*

The movements of above-mentioned convertible bonds were as follows:

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Equity component		
At the beginning of the reporting period	**798,828**	–
Fair value of the entire convertible bonds, at the date of issuance	**–**	1,247,816
Fair value of the liability component, at the date of issuance	**–**	(448,988)
Conversion during the period/year	**(44,738)**	–
At the end of the reporting period	**754,090**	798,828
Liability component		
At the beginning of the reporting period	**471,509**	–
Fair value at the date of issuance	**–**	448,988
Effective interest expenses	**29,326**	22,521
Conversion during the period/year	**(24,385)**	–
At the end of the reporting period	**476,450**	471,509
Face value, at the end of the reporting period	**623,200**	656,200

27. INTEREST-BEARING BORROWINGS

	Note	31 December 2015 HK$'000	31 March 2015 HK$'000
Long-term bank borrowings, secured	27(a)	**–**	12,133
Short-term bank borrowings, secured	27(b)	**4,775**	30,980
		4,775	43,113
Current portion		**4,775**	32,280
Non-current portion which contains a repayment on demand clause		**–**	10,833
		4,775	43,113

27. INTEREST-BEARING BORROWINGS *(Continued)*

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Within 1 year	**4,775**	32,280
More than one year, but not exceeding two years	**–**	1,300
More than two years, but not more than five years	**–**	9,533
	4,775	43,113

Bank borrowings are denominated in the following currencies:

	HK$'000	HK$'000
HK$	**–**	12,133
RMB	**4,775**	30,980
	4,775	43,113

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

(b) The short-term bank borrowings are secured by corporate guarantee of an independent third party at a fee charged. The short-term bank borrowings bear a fixed interest at 6.0% (2015: 6.7%) per annum and will mature in December 2016 (2015: November 2015).

28. DEFERRED TAX

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

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
At the beginning of the reporting period	**49,279**	5,987
Acquisition of subsidiaries – Prima Finance Group (Note 31(a))	**–**	40,112
Acquisition of subsidiaries – Auto-serve Group (Note 31(b))	**–**	4,709
Disposal of subsidiaries (Note 32(b))	**(3,909)**	–
Credited to profit or loss	**(2,737)**	(1,773)
Exchange realignments	**(2,445)**	244
At the end of the reporting period	**40,188**	49,279

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

	Assets		Liabilities	
	31 December 2015 HK$'000	31 March 2015 HK$'000	**31 December 2015 HK$'000**	31 March 2015 HK$'000
Intangible assets	**–**	–	**(46,686)**	(52,564)
Impairment losses	**1,980**	3,529	**–**	–
Accrued revenue and charges	**2,073**	–	**–**	–
Exchange realignments	**(174)**	7	**2,619**	(251)
Deferred tax assets (liabilities)	**3,879**	3,536	**(44,067)**	(52,815)
Amount expected to be recovered (settled) more than 12 months	**3,879**	3,536	**(44,067)**	(52,815)

As at 31 December 2015, the Group has estimated unused tax losses of HK$1,630,000 (31 March 2015: HK$2,126,000) available for offsetting against future profits, which are subject to the agreement from the tax authority. No deferred tax asset has been recognised in respect of the above tax losses due to the uncertainty over the availability of future profit streams of the Group. Such losses may be carried forward indefinitely.

As at 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, having considered the future funding requirements of the Group's subsidiaries established in the PRC, it is probable that the earnings will not be distributed in the foreseeable future. Unremitted earnings amounted to HK$242,060,000 (31 March 2015: HK$190,125,000) as at 31 December 2015.

29. SHARE CAPITAL

	Note	Number of shares '000	Amount HK$'000
Authorised:			
As at 31 March 2015 and 31 December 2015, ordinary shares of HK$0.01 each		10,000,000	100,000
Issued and fully paid:			
As at 1 April 2014, ordinary shares of HK$0.01 each		655,880	6,559
Issue of new shares on the May 2014 Placement	(i)	44,500	445
Issue of new shares on acquisition of subsidiaries	(ii)		
– Prima Finance Group		268,000	2,680
Issue of new shares on acquisition of subsidiaries	(iii)		
– Auto-serve Group		10,870	109
Issue of new shares on the March 2015 Placement	(iv)	51,800	518
As at 31 March 2015, ordinary shares of HK$0.01 each		1,031,050	10,311
Shares issued upon conversion of convertible bonds	(v)	94,286	943
Subscription of new shares	(vi)	29,270	293
As at 31 December 2015, ordinary shares of HK$0.01 each		1,154,606	11,547

Notes:

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

(ii) In June 2014, 268,000,000 new ordinary shares of par value HK$0.01 each of the Company was issued as part of the consideration in acquiring the entire equity interest in the Prima Finance Group. Details of the acquisition are set out in Note 31(a). The fair value of the shares issued at the date of completion of acquisition is approximately HK$184,920,000, of which approximately HK$2,680,000 was credited to share capital and the remaining balance of approximately HK$182,240,000 was credited to the share premium account.

(iii) In March 2015, approximately 10,870,000 new ordinary shares of par value of HK$0.01 each of the Company were issued as part of the consideration in acquiring the entire equity interest in the Auto-serve Group. Details of the acquisition are set out in Note 31(b). The fair value of the shares issued at the date of completion of acquisition is approximately HK$6,413,000 of which approximately HK$109,000 was credited to the share capital and the remaining balance of approximately HK$6,304,000 was credited to the share premium account.

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

29. SHARE CAPITAL *(Continued)*

Notes: *(Continued)*

(v) In April 2015, the convertible bonds with aggregate value of HK$33,000,000 were converted into ordinary shares of par value HK$0.01 each of the Company at conversion price of HK$0.35 per share.

(vi) In June 2015, 29,270,000 new ordinary shares of par value HK$0.01 each of the Company were issued under subscription at a subscription price of HK$0.41 each at consideration of approximately HK$12,001,000 net of issuing expenses of approximately HK$131,000 of which approximately HK$293,000 was credit to share capital and the remaining balance of approximately HK$11,577,000 was credit to the share premium account.

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

30. RESERVES

(i) Share premium

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

(ii) Contributed surplus and capital reserve

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

(iii) Exchange reserve

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

(iv) Convertible bonds reserve

The convertible bonds reserve represents the equity component (conversion right) of the convertible bonds issued (Note 26).

(v) Other reserve

The other reserve represents the equity component of the contingent consideration shares for the acquisition of the Auto-serve Group upon fulfillment of the 2015 Guaranteed Profit (as defined in the Company's announcement date 13 January 2015), and would be transferred to share capital and share premium of the Company and the Group upon issuance of the contingent consideration shares.

(vi) Statutory reserve

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

31. ACQUISITION OF SUBSIDIARIES

Year ended 31 March 2015

(a) Acquisition of the Prima Finance Group

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

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

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

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

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

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

The Initial Consideration

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

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

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

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

The Initial Consideration *(Continued)*

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

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

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

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

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

The Contingent Consideration

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

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

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

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

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

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

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

The directors of the Company have engaged GCA to determine the fair value of the Initial Consideration in respect of the Promissory Notes, the Consideration Shares and the Convertible Bonds and the Contingent Consideration to be recognised, in accordance with HKFRS 13. Fair value is defined in HKFRS 13 as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date". GCA has determined the methodologies and the key valuation parameters and reviewed the business assumptions adopted.

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

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

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

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

	HK$'000
Non-current assets	
Property, plant and equipment	1,020
Intangible assets	167,845
Deferred tax assets	1,849
Current assets	
Prepayments, deposits and other receivables	6,331
Amounts due from related parties	4,349
Loans to customers	293,482
Cash and cash equivalents	95,694
Current liabilities	
Interest-bearing loan	(29,931)
Accrued expenses, other payables and deposits received	(4,832)
The Sale Loans	(5,000)
Tax payables	(7,848)
Non-current liabilities	
Deferred tax liabilities	(41,961)
	480,998
Net identifiable assets acquired and liabilities assumed, at fair value	480,998
100% fair value of the Sale Loans	5,000
Non-controlling interests	(19,376)
Goodwill arising from the acquisition (Note 17)	707,813
	1,174,435
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired of	95,694

31.ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

The identifiable intangible assets are the Pawn Licences as set out in Note 16.

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

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be paid by the Group over the fair value of identifiable intangible assets and net tangible assets of the Prima Finance Group. Details are set out in Note 17.

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

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

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

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

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

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

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

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

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

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

(i) **Initial consideration**

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

(ii) **Contingent consideration**

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

- RMB10,514,000 (equivalent to HK$13,142,000) (i.e. 28,570,652 shares) for the fulfilment of the 2015 Guaranteed Profit (the "2015 Contingent Shares"); and

- RMB35,486,000 (equivalent to HK$44,358,000) (i.e. 96,429,348 shares) for the fulfilment of the 2016 Guaranteed Profit (the "2016 Contingent Shares").

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

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

* *English name for identification purpose only*

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

	HK$'000
Non-current assets	
Property, plant and equipment	671
Intangible assets	18,837
Current assets	
Trade receivables	1,430
Prepayment deposits and other receivables	1,593
Amounts due from related parties	1,001
Cash and cash equivalents	7,095
Current liabilities	
Accrued expenses and other payables	(3,462)
Amount due to related companies	(24)
Tax payable	(196)
Non-current liabilities	
Deferred tax liabilities	(4,709)
	22,236
Net identifiable assets acquired and liabilities assumed, at fair value	22,236
Goodwill arising from the acquisition (Note 17)	64,221
	86,457
Consideration satisfied by:	
Cash	6,294
Issue of new shares of the Company, at fair value	6,413
Contingent consideration – consideration shares	73,750
Total consideration, at fair value	86,457
Net cash inflow arising on acquisition:	
Consideration paid in cash	(6,294)
Cash and cash equivalents acquired	7,095
	801

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

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

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

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

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

The final settlement value of the 2015 Contingent Shares of HK$9,544,000 was revalued at 31 December 2015 with reference to the fulfilment of the 2015 Guaranteed Profit. Based on the profit information of the Auto-serve Group audited by Mazars and the agreed-upon procedures report of the Auto-serve Group's profit after tax for the year ended 31 December 2015 issued by Mazars on 2 March 2016, the Auto-serve Group's profit after tax for the year ended 31 December 2015 was slightly below the 2015 Guaranteed Profit and thus, the Group is required to settle the 2015 Contingent Shares by the allotment of 26,512,494 new shares of the Company. The final settlement value of the 2015 Contingent Shares is accounted for as an equity instrument and is determined with reference to the trading price of the Company's shares at 31 December 2015 and the numbers of new shares confirmed to be allotted (Note 30(v)). In addition, the directors of the Company have made an assessment about the Auto-serve Group's 2016 profit forecast and concluded the 2016 Guaranteed Profit could not be fully achieved. In respect the estimated settlement value of the 2016 Contingent Shares of HK$27,382,000, only 76,060,133 new shares of the Company is expected to be allotted.

Therefore, the Group recognised a fair value gain on contingent consideration – contingent shares of totaling HK$25,574,000 in profit or loss for the period from 1 April 2015 to 31 December 2015.

31. ACQUISITION OF SUBSIDIARIES *(Continued)*

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

As the contingent consideration of the 2016 Contingent Shares will be paid after 31 December 2016 upon confirmation of the settlement value of the 2016 Guaranteed Profit, it is classified as non-current liabilities in the consolidated financial statements at 31 December 2015.

There would have no material impacts to the revenue and results of the Group for the year ended 31 March 2015 should the above acquisition occurred at 1 April 2014.

32. DISPOSAL OF SUBSIDIARIES

Disposal during the period from 1 April 2015 to 31 December 2015

(a) Disposal of the Foremost Star Group

On 9 June 2015, the Group entered into a disposal agreement to dispose of (i) its entire equity interest in Foremost Star; and (ii) the aggregate advance owed by Foremost Star to the Group at a consideration of HK$52,000,000. The Foremost Star Group carried all of the Group's property investment operation and the disposal of Foremost Star was completed on 10 July 2015. Further details of the disposal are set out in the announcement of the Company dated 9 June 2015. The net assets of the Foremost Star Group at the date of the disposal were as follows:

	HK$'000
Investment property (Note 15)	50,000
Prepayments, deposits and other receivables	86
Cash and cash equivalents	1
Accrued expenses and other payables	(12)
Shareholder's loan of Foremost Star	(25,940)
Net assets of the Foremost Star Group	24,135
Assignment of shareholder's loan of Foremost Star	25,940
Direct costs incurred for the disposal	280
Gain on disposal of subsidiaries (Note 10(a))	1,645
Total cash consideration received	52,000

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration	52,000
Costs directly attributable to the disposal	(280)
Cash and cash equivalents disposed of	(1)
	51,719

32. DISPOSAL OF SUBSIDIARIES *(Continued)*

Disposal during the period from 1 April 2015 to 31 December 2015 (Continued)

(b) Disposal of the Star Coal Group

On 14 July 2015, the Group entered into a disposal agreement to dispose of (i) its entire equity interest in Star Coal; and (ii) the aggregate advance owed by Star Coal to the Group at a consideration of HK$54,000,000. The Star Coal Group carried out all of the Group's coal trading operation and the disposal was completed on 31 December 2015. Further details of the disposal are set out in the circular and announcements of the Company dated 6 August 2015, 28 August 2015, 30 September 2015, 30 October 2015, 30 November 2015 and 31 December 2015. The net assets of the Star Coal Group at the date of the disposal were as follows:

	HK$'000
Intangible assets – The LOIs (Note 16)	35,808
Deferred tax assets	1,999
Trade and other receivables	66,000
Refundable deposits	19,376
Cash and cash equivalents	43
Trade payables, accrued expenses and other payables	(62,933)
Tax payables	(140)
Amount due to a non-controlling owner of a subsidiary	(1,950)
Shareholder's loan of Star Coal	(93,607)
Deferred tax liabilities	(5,908)
Net liabilities of the Star Coal Group	(41,312)
Assignment of shareholder's loan of Star Coal	93,607
Exchange reserve released on disposal	53
Non-controlling interests	(3,382)
Direct costs incurred for the disposal	661
Gain on disposal of subsidiaries (Note 10(b))	4,373
Total cash consideration received	54,000

	HK$'000
Net cash inflow arising on disposal:	
Cash consideration	54,000
Costs directly attributable to the disposal	(661)
Cash and cash equivalents disposed of	(43)
	53,296

32. DISPOSAL OF SUBSIDIARIES *(Continued)*

Disposal during the year ended 31 March 2015

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

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

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

33. SHARE OPTION SCHEME

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

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

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

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

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

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

No option has been granted or exercised under the Scheme during the period from 1 April 2015 to 31 December 2015 and the year ended 31 March 2015.

34. OPERATING LEASE COMMITMENTS

As lessee

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

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

	31 December 2015 HK$'000	31 March 2015 HK$'000
Within one year	**7,865**	6,679
In the second to fifth years, inclusive	**8,525**	7,320
Over five years	**5,193**	2,754
	21,583	16,753

35. CAPITAL COMMITMENT

As at 31 March 2015, the Group had contracted but not provided capital commitment of RMB3,500,000 (equivalent to approximately HK$4,426,000) in respect of further investment in its available-for-sale financial assets. Such capital contribution was fully settled during the period from 1 April 2015 to 31 December 2015.

36. CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

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

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

	Period from 1 April 2015 to 31 December 2015 HK$'000	Year ended 31 March 2015 HK$'000
Salaries and other short-term employee benefits	**3,244**	4,486
Retirement benefit costs	**75**	85
	3,319	4,571

(b) During the period from 1 April 2015 to 31 December 2015, the Group earned consultancy fee income of approximately HK$Nil (year ended 31 March 2015: HK$60,000) from a related company which is owned by a director of the Company.

(c) As at 31 March 2015, the amounts due to a shareholder and a non-controlling owner of a subsidiary are unsecured, interest-free and repayable on demand. The amount due to a shareholder represents the cash payable portion of the contingent consideration arising from the acquisition of the Prima Finance Group as set out in Note 31(a).

37. CAPITAL RISK MANAGEMENT

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

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

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

38. FINANCIAL RISK MANAGEMENT

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

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

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

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

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Market risk

(i) Interest rate risk

As at 31 March 2015, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's secured long-term bank borrowings of HK$12,133,000 with floating interest rates. The interest rates and terms of repayment have been disclosed in Note 27. As at 31 December 2015, the Group has no bank borrowings with floating interest rate. The Group currently does not have a policy to hedge against the interest rate risk as management does not expect any significant interest rate risk as at the end of the reporting period.

As at 31 March 2015, if interest rates has been 100 basis points higher/lower and all other variables were held constant, the Group's net loss would increase/decrease by HK$121,000 but there would be no impact on the other equity reserves.

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

The Group's other interest-bearing assets and liabilities are loans to customers, secured short-term bank borrowings and bank balances, which mostly bear fixed interest rate to generate cash flows independent from market interest rates or the interest to be earned/paid is expected to be insignificant. At the end of the reporting period, the remaining period to the contractual maturity dates of loans to customers are mainly within 6 months and all within 12 months (31 March 2015: within 6 months and 12 months), whilst maturity dates of secured short-term bank borrowings are within 12 months (31 March 2015: within 12 months).

(ii) Foreign currency risk

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

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

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) *Credit risk*

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

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

Short-term financing business

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

(i) Credit risk mitigation policies

Pawn-broker business

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

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

Collateral

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

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

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Credit risk (Continued)

Short-term financing business *(Continued)*

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

Collateral (Continued)

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

Micro-financing business

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

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

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

(ii) Impairment and provisioning policies

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

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

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) *Credit risk (Continued)*

(ii) Impairment and provisioning policies *(Continued)*

Collectively assessed impairment allowances are provided for: (i) portfolios of outstanding loans that have been individually assessed with no objective evidence of impairment by homogenous collateral type; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgment and statistical techniques. Please refer to Note 20 for individually assessed and collectively assessed impairment allowances arising from loans to customers.

At the end of the reporting period, the Group had a concentration credit risk as 6% (31 March 2015: 18%) and 28% (31 March 2015: 29%) of the total loans to customers (net) were made up by the Group's largest loan customer's and the five largest loan customers' outstanding balances respectively.

Other businesses

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

(c) *Liquidity risk*

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

38. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) *Liquidity risk* (Continued)

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

	31 December 2015			
	Total carrying value HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	1 – 5 year(s) HK$'000
Accrued expenses, other payables and deposits received	**16,746**	**16,746**	**16,746**	**–**
Interest-bearing borrowing (Note)	**4,775**	**5,060**	**5,060**	**–**
Promissory notes	**34,360**	**49,000**	**2,800**	**46,200**
Convertible bonds	**476,450**	**654,360**	**–**	**654,360**
	532,331	**725,166**	**24,606**	**700,560**

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

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

39. FAIR VALUE MEASUREMENTS

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

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

(a) Assets and liabilities measured at fair value

	As at 31 December 2015			
	Total HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Liability measured at fair value				
Contingent consideration – consideration shares (Note 31(b))	**27,382**	**–**	**–**	**27,382**

	As at 31 March 2015			
	Total HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Assets measured at fair value				
Investment property (Note 15)	50,000	–	50,000	–
Liability measured at fair value				
Contingent consideration – consideration shares (Note 31(b))	62,500	–	62,500	–

Due to the changes in the market conditions and the business performance of the Software CGU, the management is no longer certain that the contingent consideration – consideration shares would be settled in full, and therefore, the fair value of consideration – consideration shares at 31 December 2015 was classified as a level 3 fair value measurement instead of level 2 fair value measurement. Except for that, there were no transfers between level 1 and level 2, or transfers into level 3.

39. FAIR VALUE MEASUREMENTS *(Continued)*

(a) *Assets and liabilities measured at fair value (Continued)*

The details of the movements of the recurring fair value measurements categorised as level 3 of the fair value hierarchy are as follows:

	Contingent consideration – consideration shares HK$'000
As at 1 April 2015	–
Transfers into level 3	62,500
Settlements	(9,544)
Changes in fair value recognised in profit or loss during the period	(25,574)
As at 31 December 2015	27,382
Changes in unrealised gains for the period included in profit or loss for liabilities held as at 31 December 2015	25,574

The fair value gain on contingent consideration – consideration shares is recognised in the line item on the face of the consolidated income statement.

The description of sensitivity of changes in unobservable inputs for recurring level 3 fair value measurements, are as follows:

Liability	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Contingent consideration – consideration shares	Income approach	Forecasted income	The higher the forecasted income, the higher the fair value
		Forecasted expense	The higher the forecasted expense, the lower the fair value

The descriptions of the valuation techniques and inputs used in fair value measurement for investment property and contingent consideration – consideration shares were detailed in Notes 15 and 31(b) respectively.

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

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

40. SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

As set out in the Company's announcement dated 29 December 2015, an entrusted loan of RMB76,000,000 (equivalent to approximately HK$90,721,000) has been granted by Lhasa Jiade Financial Consultant Company Limited, an indirect wholly-owned subsidiary of the Company to an independent third party (the "Borrower") through a PRC commercial bank for a period of 12 months. Subsequent to 31 December 2015 and up to the date of this report, RMB42,000,000 (equivalent to approximately HK$50,135,000) was drawn by the Borrower.

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	31 December 2015 HK$'000	31 March 2015 HK$'000
Non-current assets			
Property, plant and equipment		**820**	1,189
Interests in subsidiaries		**55,003**	55,003
Total non-current assets		**55,823**	56,192
Current assets			
Prepayments, deposits and other receivables		**1,691**	1,717
Amounts due from subsidiaries		**708,106**	780,781
Cash and cash equivalents		**29,988**	413
Total current assets		**739,785**	782,911
Current liabilities			
Accrued expenses and other payables		**1,940**	1,447
Amount due to a shareholder		**–**	50,000
Total current liabilities		**1,940**	51,447
Net current assets		**737,845**	731,464
Total assets less current liabilities		**793,668**	787,656
Non-current liabilities			
Promissory notes		**34,360**	49,808
Convertible bonds – liability component		**476,450**	471,509
Total non-current liabilities		**510,810**	521,317
Net assets		**282,858**	266,339
Capital and reserves			
Issued capital		**11,547**	10,311
Reserves	41(a)	**271,311**	256,028
Total equity		**282,858**	266,339

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

(a) Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Convertible bonds reserve HK$'000	Other reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 April 2014	218,334	131,109	120,794	–	–	(310,042)	160,195
Loss for the year and total comprehensive loss for the year	–	–	–	–	–	(939,342)	(939,342)
Transactions with owners							
Contributions and distributions							
Issue of new shares on the May 2014 Placement	19,233	–	–	–	–	–	19,233
Issue of new shares on acquisition of subsidiaries – Prima Finance Group	182,240	–	–	–	–	–	182,240
Issue of new shares on acquisition of subsidiaries – Auto-serve Group	6,304	–	–	–	–	–	6,304
Issue of new shares on the March 2015 Placement	28,570	–	–	–	–	–	28,570
Issue of convertible bonds on acquisition of subsidiaries – equity component	–	–	–	798,828	–	–	798,828
Total transactions with owners	236,347	–	–	798,828	–	–	1,035,175
As at 31 March 2015 and 1 April 2015	454,681	131,109	120,794	798,828	–	(1,249,384)	256,028
Loss for the period and total comprehensive loss for the period	**–**	**–**	**–**	**–**	**–**	**(29,280)**	**(29,280)**
Transactions with owners							
Contributions and distributions							
Recognition of the final settlement value of contingent shares upon fulfillment of guaranteed profit	**–**	**–**	**–**	**–**	**9,544**	**–**	**9,544**
Conversion of convertible bonds	**68,180**	**–**	**–**	**(44,738)**	**–**	**–**	**23,442**
Subscription of new shares	**11,577**	**–**	**–**	**–**	**–**	**–**	**11,577**
Total transactions with owners	**79,757**	**–**	**–**	**(44,738)**	**9,544**	**–**	**44,563**
As at 31 December 2015	**534,438**	**131,109**	**120,794**	**754,090**	**9,544**	**(1,278,664)**	**271,311**

FINANCIAL SUMMARY

RESULTS

	Nine months ended 31 December 2015 HK$'000	Year ended 31 March (Restated) 2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Revenue					
Continuing operations	**120,905**	123,596	–	–	–
Discontinued operation	**29,093**	77,151	90,159	95,447	123,567
	149,998	200,747	90,159	95,447	123,567
Profit (Loss) before income tax from continuing and discontinued operations	**33,759**	(938,326)	(62,550)	(24,507)	(36,025)
Income tax from continuing and discontinued operations	**(13,158)**	(20,675)	904	(764)	(224)
Profit (Loss) attributable to:					
Owners of the Company	**19,000**	(959,988)	(61,057)	(25,654)	(36,356)
Non-controlling interests	**1,601**	987	(589)	383	107
Profit (Loss) for the period/year	**20,601**	(959,001)	(61,646)	(25,271)	(36,249)

ASSETS AND LIABILITIES

	As at 31 December 2015 HK$'000	As at 31 March (Restated) 2015 HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000
Non-current assets	**375,226**	454,545	10,157	12,334	27,084
Current assets	**516,760**	456,806	17,162	27,112	7,320
Assets held for sale	**–**	146,627	202,816	237,533	133,113
Current liabilities	**26,805**	127,891	16,397	3,698	2,672
Liabilities held for sale	**–**	55,236	42,927	68,791	58,181
Net current assets	**489,955**	420,306	160,654	192,156	79,580
Non-current liabilities	**582,260**	605,605	–	–	–
Total equity	**282,921**	269,246	170,811	204,490	106,664

Note: The revenue figures have been re-presented as if the coal trading business segment and property investment business segment had been discontinued during the years ended 31 March 2012, 2013, 2014 and 2015 respectively, the earliest period presented.

PARTICULARS OF PROPERTY

At 31 March 2015

INVESTMENT PROPERTY

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