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**天行國際(控股)有限公司\***  
**Simsen International Corporation Limited**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 993)**

## **FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2014**

### **ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of Simsen International Corporation Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 30 April 2014, together with the comparative figures for the year ended 30 April 2013 as follows:

### **CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*Year ended 30 April 2014*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
REVENUE	3	<b>166,292</b>	95,558
Other income and gains or losses, net	3	<b>7,849</b>	816
Brokerage and commission expenses		<b>(10,704)</b>	(15,957)
Administrative and other operating expenses		<b>(140,437)</b>	(116,398)
Fair value gain/(loss) on convertible notes designated as at fair value through profit or loss		<b>45,975</b>	(3,833)
Gain on bargain purchase of a subsidiary		<b>2,861</b>	–
Loss on disposal of available-for-sale equity investments		<b>(21,567)</b>	–
Reversal of/(provision for) impairment of loans and accounts receivable, net		<b>7,591</b>	(15,298)
Finance costs	5	<b>(1,368)</b>	(71)
<b>PROFIT/(LOSS) BEFORE TAX</b>	4	<b>56,492</b>	(55,183)
Income tax expense	6	<b>(11,330)</b>	(1,674)
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>45,162</b>	(56,857)

\* *For identification purposes only*

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000
Attributable to:			
Owners of the parent		<b>45,162</b>	(56,901)
Non-controlling interests		<u>–</u>	<u>44</u>
		<b><u>45,162</u></b>	<b><u>(56,857)</u></b>
EARNINGS/(LOSS) PER SHARE			
ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE PARENT	7		(Restated)
Basic		<b><u>HK6.94 cents</u></b>	<b><u>HK(31.27) cents</u></b>
Diluted		<b><u>HK5.86 cents</u></b>	<b><u>HK(31.27) cents</u></b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
PROFIT/(LOSS) FOR THE YEAR	<u>45,162</u>	<u>(56,857)</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Changes in fair value	(81,473)	(62,889)
Reclassification adjustment for loss included in the consolidated statement of profit or loss — loss on disposal	<u>21,567</u>	<u>—</u>
	(59,906)	(62,889)
Exchange differences on translation of foreign operations	<u>(10,277)</u>	<u>4,238</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX OF NIL	<u>(70,183)</u>	<u>(58,651)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(25,021)</u></u>	<u><u>(115,508)</u></u>
Attributable to:		
Owners of the parent	(25,021)	(115,546)
Non-controlling interests	<u>—</u>	<u>38</u>
	<u><u>(25,021)</u></u>	<u><u>(115,508)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 April 2014

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	<b>2013</b> <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>5,473</b>	5,692
Goodwill		<b>22,279</b>	21,442
Other long term assets		<b>4,220</b>	4,275
Intangible assets		<b>2,350</b>	2,350
Convertible notes designated as at fair value through profit or loss		–	93,230
Investment in senior notes		<b>80,000</b>	–
Available-for-sale equity investments		<b>28,841</b>	78,555
Finance leases receivable		<b>60,916</b>	576
		<hr/>	<hr/>
Total non-current assets		<b>204,079</b>	206,120
<b>CURRENT ASSETS</b>			
Loans and accounts receivable	8	<b>740,281</b>	346,972
Finance leases receivable		<b>18,540</b>	1,882
Prepayments, deposits and other receivables		<b>374,304</b>	110,408
Tax recoverable		<b>192</b>	–
Equity investments at fair value through profit or loss		<b>1,678</b>	1,599
Bank trust account balances		<b>138,057</b>	172,049
Pledged bank deposits		<b>10,591</b>	5,000
Cash and cash equivalents		<b>381,509</b>	570,119
		<hr/>	<hr/>
Total current assets		<b>1,665,152</b>	1,208,029
<b>CURRENT LIABILITIES</b>			
Accounts payable	9	<b>161,811</b>	185,100
Other payables and accruals		<b>27,553</b>	25,516
Finance leases payable		<b>83</b>	121
Tax payable		<b>2,694</b>	694
		<hr/>	<hr/>
Total current liabilities		<b>192,141</b>	211,431
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,473,011</b>	996,598
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,677,090</b>	1,202,718
		<hr/>	<hr/>

	<i>Notes</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Convertible notes	<i>10</i>	<b>349,762</b>	–
Finance leases payable		–	83
Deferred tax liabilities		–	80
Provision for long service payments		<b>566</b>	577
Provision for reinstatement		<b>503</b>	2,265
		<hr/>	<hr/>
Total non-current liabilities		<b>350,831</b>	3,005
		<hr/>	<hr/>
Net assets		<b>1,326,259</b>	1,199,713
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Issued capital		<b>906</b>	2,543
Reserves		<b>1,325,353</b>	1,197,170
		<hr/>	<hr/>
Total equity		<b>1,326,259</b>	1,199,713
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO FINANCIAL STATEMENTS

30 April 2014

### 1.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments and equity investments, which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s consolidated financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 — <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
<i>Annual Improvements 2009–2011 Cycle</i>	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13, amendments to HKAS 1, and certain amendments included in *Annual Improvements 2009–2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these consolidated financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

- (a) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.
- (b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in these consolidated financial statements.
- (c) *Annual Improvements 2009–2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- *HKAS 1 Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- *HKAS 32 Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

### 1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements.

HKFRS 9	<i>Financial Instruments</i> <sup>5</sup>
HKFRS 9 and HKFRS 7 Amendments	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>3</sup>
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — <i>Investment Entities</i> <sup>1</sup>
HKFRS 11 Amendments	Amendments to HKFRS 11 <i>Joint Arrangements — Accounting for Acquisition of Interests in Joint Operations</i> <sup>4</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>4</sup>
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 <i>Property, Plant and Equipment</i> and HKAS 38 <i>Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortisation</i> <sup>4</sup>
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits — Defined Benefit Plans: Employee Contributions</i> <sup>2</sup>
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> <sup>1</sup>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets</i> <sup>1</sup>
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting</i> <sup>1</sup>
HK(IFRIC)-Int 21	<i>Levies</i> <sup>1</sup>
<i>Annual Improvements 2010–2012 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 <sup>2</sup>
<i>Annual Improvements 2011–2013 Cycle</i>	Amendments to a number of HKFRSs issued in January 2014 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2014

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2015

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

<sup>5</sup> No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.



## 2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has seven reportable operating segments as follows:

- (a) the securities segment represents the broking and dealing of securities, futures and options contracts, the provision of margin financing, advisory on corporate finance, asset management and insurance consultancy services, and the results of investment holding and proprietary trading of securities;
- (b) the bullion segment represents the broking and dealing of bullion contracts;
- (c) the forex segment represents the broking and dealing of forex contracts;
- (d) the money lending segment represents provision of loan financing;
- (e) the pawn loan segment represents provision of pawn loan services;
- (f) the finance lease segment represents provision of finance lease services; and
- (g) the corporate and other segment includes corporate revenue and expenses and results of unallocated operations.

The management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that fair value gain/(loss) on convertible notes designated as at fair value through profit or loss, gain on bargain purchase of a subsidiary, loss on disposal of available-for-sale equity investments and finance costs are excluded from such measurement.

Segment assets exclude convertible notes designated as at fair value through profit or loss, available-for-sale equity investments and tax recoverable as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) **Business segments**

The following tables present the revenue and results for the years ended 30 April 2014 and 2013 and certain assets, liabilities and expenditure information for the Group's business segments as at 30 April 2014 and 2013. The comparative figures have been re-presented to conform with the current year's presentation.

*Year ended 30 April 2014*

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Money lending HK\$'000	Pawn loan HK\$'000	Finance lease HK\$'000	Corporate and other HK\$'000	Total HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	37,371	4,179	3,760	81,751	25,076	8,250	5,905	166,292
Other income and gains or losses, net	598	(105)	(55)	64	1,585	(1,326)	7,088	7,849
	<u>37,969</u>	<u>4,074</u>	<u>3,705</u>	<u>81,815</u>	<u>26,661</u>	<u>6,924</u>	<u>12,993</u>	<u>174,141</u>
<b>Segment results</b>	<u>(5,302)</u>	<u>(2,666)</u>	<u>(5,958)</u>	<u>61,629</u>	<u>10,003</u>	<u>4,699</u>	<u>(31,814)</u>	<u>30,591</u>
Fair value gain on convertible notes designated as at fair value through profit or loss								45,975
Gain on bargain purchase of a subsidiary								2,861
Loss on disposal of available-for-sale equity investments								(21,567)
Finance costs								(1,368)
Profit before tax								56,492
Income tax expense								(11,330)
Profit for the year								<u>45,162</u>

*Year ended 30 April 2013*

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Money lending HK\$'000	Pawn loan HK\$'000	Finance lease HK\$'000	Corporate and other HK\$'000	Total HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	38,512	1,503	2,206	42,740	10,461	136	–	95,558
Other income and gains or losses, net	877	77	(48)	104	751	(927)	(18)	816
	<u>39,389</u>	<u>1,580</u>	<u>2,158</u>	<u>42,844</u>	<u>11,212</u>	<u>(791)</u>	<u>(18)</u>	<u>96,374</u>
<b>Segment results</b>	<u>(12,789)</u>	<u>(18,086)</u>	<u>(9,415)</u>	<u>27,985</u>	<u>5,841</u>	<u>(958)</u>	<u>(43,857)</u>	<u>(51,279)</u>
Fair value loss on convertible notes designated as at fair value through profit or loss								(3,833)
Finance costs								(71)
Loss before tax								(55,183)
Income tax expense								(1,674)
Loss for the year								<u>(56,857)</u>

As at 30 April 2014

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Money lending HK\$'000	Pawn loan HK\$'000	Finance lease HK\$'000	Corporate and other HK\$'000	Total HK\$'000
Segment assets	390,266	25,385	45,062	691,574	101,458	120,915	465,538	1,840,198
Available-for-sale equity investments								28,841
Tax recoverable								192
Total assets								<u>1,869,231</u>
Segment liabilities	138,229	11,236	17,637	8,607	1,484	9,274	353,811	540,278
Tax payable								2,694
Total liabilities								<u>542,972</u>
<b>Other segment information:</b>								
Depreciation	2,226	76	322	45	473	24	817	3,983
Provision for/(reversal of) impairment of loans and accounts receivable, net	706	(2,497)	-	(5,800)	-	-	-	(7,591)
Loss on disposal of items of property, plant and equipment	2	-	-	-	128	-	177	307
Capital expenditure*	92	18	22	363	2,796	70	1,242	4,603

\* Capital expenditure consists of additions to property, plant and equipment including assets from acquisition of subsidiaries, and certain prepayments, deposits and other receivables.

As at 30 April 2013

	Securities HK\$'000	Bullion HK\$'000	Forex HK\$'000	Money lending HK\$'000	Pawn loan HK\$'000	Finance lease HK\$'000	Corporate and other HK\$'000	Total HK\$'000
Segment assets	295,465	19,526	47,759	215,667	96,789	78,714	488,444	1,242,364
Convertible notes designated as at fair value through profit or loss								93,230
Available-for-sale equity investments								78,555
Total assets								<u>1,414,149</u>
Segment liabilities	161,031	6,704	22,921	16,558	762	8	5,678	213,662
Tax payable								694
Deferred tax liabilities								80
Total liabilities								<u>214,436</u>
<b>Other segment information:</b>								
Depreciation	4,022	203	486	-	43	14	1,132	5,900
Provision for/(reversal of) impairment of loans and accounts receivable, net	2,310	(12)	-	13,000	-	-	-	15,298
Loss on disposal of items of property, plant and equipment	1,166	286	318	-	-	-	-	1,770
Capital expenditure*	362	1	3	-	442	52	1,030	1,890

\* Capital expenditure consists of additions to property, plant and equipment and other long term assets including assets from acquisition of subsidiaries.

**(b) Geographical information**

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>(i) Revenue from external customers:</b>		
Hong Kong	<b>74,414</b>	84,962
Mainland China	<b>91,878</b>	10,596
	<u><b>166,292</b></u>	<u>95,558</u>

The revenue information above is based on the locations of the customers.

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>(ii) Non-current assets:</b>		
Hong Kong	<b>4,685</b>	9,976
Mainland China	<b>25,417</b>	19,508
	<u><b>30,102</b></u>	<u>29,484</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments.

**(c) Information about major customers**

During the year ended 30 April 2014, the Group did not have transactions with customers (2013: two) which individually contributed over 10% of the Group's revenue. The total revenue earned from these customers amounted to approximately HK\$30,920,000 for the year ended 30 April 2013.

**3. REVENUE AND OTHER INCOME AND GAINS OR LOSSES, NET**

Revenue, which is also the Group's turnover, represents (i) fees, commission and premium income from securities, bullion, forex, futures and options contracts broking; (ii) gain or loss on trading of securities, bullion, forex and futures contracts; (iii) interest income and handling fee income from loan and margin financing activities; and (iv) service fee income from asset management, advisory and consultancy services provided during the year.

An analysis of revenue and other income and gains or losses, net is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Revenue</b>		
Fees, commission and premium income, net, from securities, bullion, forex, futures and options contracts broking	<b>29,546</b>	29,010
Trading gain/(loss) on securities, bullion, forex and futures contracts, net	<b>2,485</b>	(5,030)
Interest income from loan and margin financing activities	<b>102,046</b>	61,140
Handling fee income	<b>431</b>	426
Other service income	<b>31,784</b>	10,012
	<u><b>166,292</b></u>	<u>95,558</u>
<b>Other income and gains or losses, net</b>		
Bank interest income	<b>424</b>	178
Other interest income	<b>6,809</b>	–
Foreign exchange differences, net	<b>(2,081)</b>	(1,091)
Others	<b>2,697</b>	1,729
	<u><b>7,849</b></u>	<u>816</u>

#### 4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Depreciation	<b>3,983</b>	5,900
Impairment of goodwill	<b>2,598</b>	–
Loss on disposal of items of property, plant and equipment	<b>307</b>	1,770
Minimum lease payments under operating leases on rental of office premises	<b>22,024</b>	19,488
Bad debts written off	<b>–</b>	30
Auditor's remuneration	<b>1,377</b>	1,290
Directors' and chief executive's remuneration	<b>1,601</b>	3,621
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Salaries and other benefits	<b>64,326</b>	53,159
Pension scheme contributions (defined contribution scheme)	<b>1,557</b>	1,977
Write-back of provision for long service payments, net	<b>(11)</b>	(875)
(Write-back of provision)/provision for annual leaves	<b>(116)</b>	213
	<u><b>65,756</b></u>	<u>54,474</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank loans	<b>5</b>	–
Interest on finance leases	<b>34</b>	71
Imputed interest expense on convertible notes	<b>1,329</b>	–
	<u><b>1,368</b></u>	<u>71</u>

## 6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Subsidiaries established in the People's Republic of China (the "PRC") are subject to the PRC Corporate Income Tax at the standard rate of 25% (2013: 25%).

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current charge for the year		
— Hong Kong	1,412	9
— the PRC	9,998	1,665
Deferred	(80)	—
	<u>11,330</u>	<u>1,674</u>

## 7. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings/(loss) per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK\$45,162,000 (2013: loss of approximately HK\$56,901,000) and the weighted average number of ordinary shares of approximately 651,207,000 (2013: 181,955,000 (restated)) in issue during the year, as adjusted to reflect the consolidation of shares and the bonus issue of shares during the current year. The basic earnings per share amount for the prior year has been adjusted to reflect the consolidation of shares and the bonus issue of shares during the current year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, 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. The Group had no potentially dilutive ordinary shares in issue during the prior year.

The calculations of basic and diluted earnings/(loss) per share are based on:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
<b>Earnings/(loss):</b>		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	45,162	(56,901)
Interest on convertible notes	1,329	—
	<u>46,491</u>	<u>(56,901)</u>

**Number of shares**

<b>2014</b>	2013
<b>'000</b>	<b>'000</b>

(Restated)

**Shares:**

Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation as adjusted for the share consolidation which became effective on 10 October 2013 and the bonus issue of shares which was completed on 9 April 2014 (2013: as adjusted for the rights issue which was completed on 26 April 2013, the share consolidation which became effective on 10 October 2013 and the bonus issue of shares which was completed on 9 April 2014)

<b>651,207</b>	181,955
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Effect of dilution — weighted average number of ordinary shares:  
Convertible notes

<b>142,000</b>	—
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<b>793,207</b>	181,955
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**8. LOANS AND ACCOUNTS RECEIVABLE**

<b>2014</b>	2013
<b>HK\$'000</b>	<b>HK\$'000</b>

Loans and accounts receivable:

— from securities, futures, options, bullion and forex dealing services

<b>76,197</b>	107,220
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— from money lending operations

<b>649,565</b>	235,730
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— from pawn loan services

<b>41,490</b>	37,325
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— from trading operations

<b>160</b>	160
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— from corporate and other operations

<b>381</b>	1,850
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<b>767,793</b>	382,285
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Provision for impairment:

— from securities, futures, options, bullion and forex dealing services

<b>(5,765)</b>	(7,555)
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— from money lending operations

<b>(21,575)</b>	(27,376)
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— from trading operations

<b>(160)</b>	(160)
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— from corporate and other operations

<b>(12)</b>	(222)
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<b>(27,512)</b>	(35,313)
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<b>740,281</b>	346,972
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### Securities, futures, options, bullion and forex dealing services

The Group allows a credit period of up to the settlement dates of the respective securities, futures, options, bullion and forex transactions or a credit period mutually agreed with the contracting parties. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Loans for margin financing are secured by the pledge of customers' securities as collateral. The amounts of credit facilities granted to them are determined by the discounted value of securities accepted by the Group. Overdue balances are reviewed regularly by management. In view of the aforementioned and that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Overdue accounts receivable bear interest with reference to the Hong Kong dollar prime rate.

### Money lending operations

The Group seeks to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans is subject to approval by the directors of the Company and/or its subsidiary, where appropriate, whilst overdue balances are reviewed regularly by senior management. Certain loans receivable are secured by listed securities and real estate provided by the customers. Loans receivable are interest-bearing at rates mutually agreed with the contracting parties, ranging from 12% to 36% per annum.

### Pawn loan services

The pawn loans to customers arising from pawn loan business had average loan period of 30 days. The loans provided to customers charged fees and bore interest at certain percentages and were repayable according to the loan agreements. Included in the balances are loans of approximately HK\$34,969,000 (2013: HK\$23,029,000) secured by real estate in Mainland China and approximately HK\$6,329,000 (2013: HK\$14,280,000) secured by personal properties held by individuals.

An aged analysis of the Group's loans and accounts receivable at the end of the reporting period, based on the settlement due date and net of provision for impairment, is as follows:

	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current to 1 month	<b>487,486</b>	196,636
1 to 3 months	<b>100,325</b>	6,753
3 months to 1 year	<b>43,357</b>	129,596
Over 1 year	<b>109,113</b>	13,987
	<b><u>740,281</u></b>	<u>346,972</u>



The movements in provision for impairment of loans and accounts receivable are as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At beginning of year	<b>35,313</b>	20,015
Impairment losses recognised	<b>2,843</b>	23,314
Impairment losses reversed	<b>(10,434)</b>	(8,016)
(Reversal of)/provision for impairment losses, net	<b>(7,591)</b>	15,298
Amount written off as uncollectible	<b>(210)</b>	–
At end of year	<b>27,512</b>	35,313

Included in the above provision for impairment of loans and accounts receivable is provision for individually impaired loans and accounts receivable of approximately HK\$27,512,000 (2013: HK\$35,313,000) with carrying amounts before provision of approximately HK\$31,950,000 (2013: HK\$53,670,000). These individually impaired loans and accounts receivable relate to customers that do not have sufficient amount of collateral at the end of the reporting period and are not expected to be fully recoverable.

The aged analysis of the loans and accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Neither past due nor impaired	<b>462,071</b>	139,253
Less than 1 month past due	<b>25,040</b>	52,749
1 to 3 months past due	<b>100,324</b>	6,753
3 months to 1 year past due	<b>43,357</b>	129,398
Over 1 year past due	<b>105,051</b>	462
	<b>735,843</b>	328,615

The directors of the Company are of the opinion that no provision for impairment is necessary in respect of those receivables that were past due but not impaired as there has not been a significant change in credit quality or listed securities of clients are held as collateral against certain receivables and thus the balances are still considered fully recoverable.

## 9. ACCOUNTS PAYABLE

An aged analysis of the Group's accounts payable at the end of the reporting period, based on the settlement due date, is as follows:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current to 1 month	<u><b>161,811</b></u>	<u>185,100</u>

The accounts payable are unsecured and repayable on the settlement date of the relevant trades or upon demand from customers.

As at 30 April 2014, accounts payable with carrying amount of approximately HK\$106,808,000 (2013: HK\$111,498,000) are interest-bearing at bank deposit saving rates.

## 10. CONVERTIBLE NOTES

On 19 February 2014, the Company issued zero coupon convertible notes (the "Convertible Notes") with a nominal value of HK\$500,000,000. The notes are convertible at the option of the noteholders into ordinary shares at 36 months from the date of issuance of the Convertible Notes on the basis of one ordinary share at the initial conversion price of HK\$5 per conversion share. Any Convertible Notes not converted will be redeemed on 18 February 2017 for the outstanding principal amounts. The conversion price for the Convertible Notes was adjusted to HK\$0.5 per share on 9 April 2014, upon completion of the issue of bonus shares. On 10 April 2014, an aggregate principal amount of HK\$135,000,000 Convertible Notes was converted into 270,000,000 ordinary shares of the Company.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The Convertible Notes issued during the year have been split into the liability and equity components as follows:

	<b>Liability component</b> <i>HK\$'000</i>	<b>Equity component</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At the issuance date	477,688	22,312	500,000
Imputed interest expense	1,329	–	1,329
Conversion of Convertible Notes	<u>(129,255)</u>	<u>(6,024)</u>	<u>(135,279)</u>
At end of year	<u><b>349,762</b></u>	<u><b>16,288</b></u>	<u><b>366,050</b></u>

## 11. COMPARATIVE AMOUNTS

Certain comparative amounts have been restated to conform with current year's presentation.

## **FINAL DIVIDEND**

The Directors do not recommend the payment of final dividend in respect of the year.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

For the year under review, the Group recorded a profit of approximately HK\$45,162,000 as compared to a loss of approximately HK\$56,857,000 last year. The global economy appeared to be on a recovery track though the pace was still quite slow, investors remained to be very cautious and sensitive. Notwithstanding all the difficult external environmental factors, the performance of the Group was still managed to be improved thanks to the contribution from Mainland China business diversification, lending business and cost synergy exercise.

### **BUSINESS REVIEW**

During the year under review, the Group continues its existing principal activities including securities, bullion and forex operations and money lending activities. In addition, the Group has progressively increased the resource in Mainland China financial activities which have recorded growth for the year under review. Despite the initial public offerings business generated from Mainland China has been resumed, the uncertainties in global economy and local dispute in Hong Kong have continued. The financial activities in Hong Kong stayed at a lower than expected level and the tightening policy in Mainland China remained to be less attractive to investors, and this contributed to a less rewarding scenario to most brokers including us. Thanks to the diversification of business and cost synergy exercise taken place, the Group has managed to achieve a better financial result in the year under review as compared to the previous year.

Also, the Group has made some investments in Hong Kong listed stocks and convertible notes. For the year under review, the Group has recorded a loss on disposal of available-for-sale equity investments of approximately HK\$21,567,000 (2013: Nil) and a fair value gain on convertible notes of approximately HK\$45,975,000 (2013: loss of approximately HK\$3,833,000). The convertible notes had been fully redeemed by the issuer during the reporting period.

In order to ensure sustainable development and satisfy financial needs of the Group, the Company has raised HK\$500 million in February 2014 through issuance of the Convertible Notes to an independent third party during the reporting period. As at 30 April 2014, an aggregate principal amount of HK\$135,000,000 Convertible Notes has been converted into 270,000,000 ordinary shares of the Company.

## **Securities**

The securities segment comprises broking and dealing of securities, futures and options contracts, the provision of margin financing, advisory on corporate finance, asset management, and results of investment holding and proprietary trading of securities. With intense competition from brokerage and banking sectors, and persistent low activities in initial public offerings in the market, the revenue from securities segment was reduced slightly from approximately HK\$38,512,000 to approximately HK\$37,371,000 while the net loss was improved from approximately HK\$12,789,000 to approximately HK\$5,302,000 primarily due to the cost reduction effort.

## **Bullion**

The bullion segment comprises broking and dealing of bullion contracts principally for clients. Despite the commodities pricing has reverted to a more stable level, investors were still quite skeptical and turnover was only improved modestly. The bullion segment recorded a loss of approximately HK\$2,666,000 for the year under review (2013: loss of approximately HK\$18,086,000) where the improvement is primarily due to the cost reduction effort and some risky business deployed on white labelling basis to reduce the pertinent risk.

## **Forex**

The forex segment comprises broking and dealing of forex contracts principally for clients, which recorded a loss of approximately HK\$5,958,000 (2013: loss of approximately HK\$9,415,000) for the year under review. The improvement is primarily due to the cost reduction effort and more dynamic hedging on risky positions to reduce the risk in volatile market.

## **Money Lending**

The money lending segment comprises provision of loans and advances to clients. The interest revenue was approximately HK\$81,751,000 for the year ended 30 April 2014 (2013: approximately HK\$42,740,000). The Group has exercised cautious approach in respect of new money lending business in order to strike the balance between the risk and reward for the Hong Kong and Mainland China market.

## **Pawn Loan**

The demand remained stable whereas the Group is developing the business in a steady mode in order that the risk could be maintained at a manageable level. The revenue was approximately HK\$25,076,000 for the year ended 30 April 2014 (2013: approximately HK\$10,461,000).

## **Finance Lease**

The finance lease business has gradually started up in the year under review with positive sign of contribution where the prospect is attractive. The revenue and profit for the year ended 30 April 2014 were approximately HK\$8,250,000 (2013: approximately HK\$136,000) and approximately HK\$4,699,000 (2013: loss of approximately HK\$958,000) respectively.

## **PROSPECTS**

Although the global economy is moving towards a recovery trend, the investors remained skeptical over the investment in the financial market. Uncertainties such as when the United States quantitative easing policy will be ended or interest rate will rise are still, to a large extent, obstacle for investors to become aggressive. The Group has also noticed that competitive rivalry is getting stronger in its business environment, especially the money lending business where a considerable amount of new competitors has entered into the market. To maintain competitiveness, money lenders are required to improve their operation efficiency including identifying low cost financing, optimising marketing and administration expenses and enhancing capital efficiency etc. Facing such uncertainties and keen competition, management of the Group is reviewing the performance, strategy, environment and prospects of each business segment of the Group. The Group may consider restructuring its business lines in Hong Kong and Mainland China and reallocating its resources to better align with the changing global economy trends.

## **CAPITAL STRUCTURE**

During the year under review, the share capital of the Company has been reorganised by share consolidation on the basis that every 40 issued shares of HK\$0.001 each be consolidated into 1 consolidated share of HK\$0.04 each and reduction of the par value of each consolidated share from HK\$0.04 to HK\$0.001. The Company has issued the bonus shares on the basis of nine (9) bonus shares for every one (1) existing Share held on 9 April 2014. On 10 April 2014, a holder of the Convertible Notes has partially converted HK\$135,000,000 Convertible Notes into 270,000,000 ordinary shares of the Company. As at 30 April 2014, the total number of the issued share capital with the par value of HK\$0.001 each was 905,672,880 and total equity attributable to Shareholders was approximately HK\$1,326,259,000 (2013: approximately HK\$1,199,713,000).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had total cash and cash equivalents amounting to approximately HK\$381,509,000 (2013: approximately HK\$570,119,000), which already excludes approximately HK\$138,057,000 (2013: approximately HK\$172,049,000) of client funds that were kept in separate designated bank accounts, as at 30 April 2014.

The Group's gearing ratio, which is measured on the basis of the Group's total interest bearing debts net of own cash reserves over the Company's shareholders' equity, was not applicable as at 30 April 2014 and 2013 as the Group had net surplus cash as at the reporting dates.

The Group's banking facilities amounting to HK\$40,000,000, none of which were utilised and outstanding at the end of the reporting period, including a revolving loan facility amounting to HK\$10,000,000 (2013: an overdraft facility of HK\$10,000,000) is secured by certain of the Group's bank deposits amounting to HK\$10,591,000 (2013: HK\$5,000,000) and the remaining facility amounting to HK\$30,000,000 (2013: HK\$30,000,000) which represents a margin facility and the availability of this facility is conditional upon the execution of charges over securities by a subsidiary of the Company. The Group's banking facilities are secured by a corporate guarantee executed by the Company.

## **CHARGES ON GROUP ASSETS**

As at 30 April 2014, the obligations under finance leases amounted to approximately HK\$83,000 (2013: approximately HK\$204,000) were secured by the leased assets acquired under the finance leases.

## **EMPLOYEE AND REMUNERATION POLICY**

As at 30 April 2014, the Group employed a total of about 184 employees, as compared to 87 employees in 2013. The Group's staff recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

## **SIGNIFICANT TRANSACTIONS**

During the year under review, the Group had the following significant transactions:

- (1) On 1 May 2013, Simsen Capital Finance Limited ("SCFL") as the lender (an indirect wholly-owned subsidiary of the Company) entered into the loan agreement with the borrower, pursuant to which the lender has agreed to provide the loan of HK\$82 million to the borrower subject to the terms and conditions of the loan agreement. Details of which were set out in the announcement of the Company dated 1 May 2013.
- (2) On 1 May 2013, Key Gains Investments Limited ("Key Gains") as the subscriber (a wholly-owned subsidiary of the Company) entered into the subscription agreement with Million Wealth Capital Investment Limited ("Million Wealth") as the issuer and Pure Profit Holdings Limited as the guarantor of Million Wealth, pursuant to which Key Gains has conditionally agreed to subscribe for and Million Wealth has conditionally agreed to issue the senior notes in the principal amounts of HK\$80 million at the subscription price of HK\$80 million. Details of which were set out in the announcement of the Company dated 1 May 2013.
- (3) On 30 April 2013, the Company acquired for 51,000,000 shares of Hao Tian Resources Group Limited ("HT share") at the consideration of approximately HK\$21.42 million (excluding transaction costs), equivalent to approximately HK\$0.42 per HT Share. Then on 3 May 2013, the Company acquired for an additional 100,000,000 HT shares at the total consideration of approximately HK\$43 million (excluding transaction costs) (equivalent to approximately HK\$0.43 per HT share). Details of which were set out in the announcements of the Company dated 3 May 2013.

- (4) On 8 September 2011, SCFL as lender entered into a loan agreement with Profit Port Investments Limited (“Profit Port”) as borrower and the ultimate beneficial owner of Profit Port as guarantor in relation to the provision of a loan of HK\$100,000,000 (“Profit Port Loan Agreement”). On 12 April 2012, the parties to the Profit Port Loan Agreement agreed to extend the repayment date of the Profit Port Loan to 10 August 2012, which is subject to agreement between the parties thereto for a further extension of 120 days. On 9 May 2013, the parties to the Profit Port Loan Agreement conditionally agreed to extend the repayment date of the Profit Port Loan to 9 May 2014, subject to Profit Port having repaid all the accrued interests of approximately HK\$10.95 million on the Profit Port Loan up to 9 May 2013. Details of which were set out in the announcements of the Company dated 8 September 2011, 12 April 2012 and 9 May 2013.
- (5) On 13 June 2013, King Stone Energy Group Limited (“King Stone”) served on the Company a notice of redemption of the King Stone convertible notes held by the Group with a principal amount of HK\$100,000,000. On 27 January 2014, King Stone served on the Company another notice of redemption of the King Stone convertible notes held by the Group with a principal amount of HK\$39,205,000. After the aforesaid redemptions, the Group has not held any King Stone convertible notes. Details of which are set out in the announcements of the Company dated 13 June 2013 and 27 January 2014.
- (6) On 21 June 2013, Beijing Dong Fang Hui Investment Consulting Co., Ltd\* (“Beijing Dong Fang Hui”), an indirect wholly-owned subsidiary of the Company, entered into a loan agreement with Mr. Gong Hongwei (“Mr. Gong”). Pursuant to the loan agreement, Beijing Dong Fang Hui has agreed to grant a guaranteed loan in the amount of RMB50,000,000 (equivalent to approximately HK\$63,000,000) to Mr. Gong. Details of which were set out in the announcement of the Company dated 21 June 2013.
- (7) On 27 June 2013, Beijing Dong Fang Hui entered into a loan agreement with Mr. Guan Shijun (“Mr. Guan”). Pursuant to the loan agreement, Beijing Dong Fang Hui has agreed to grant a guaranteed loan in the amount of RMB50,000,000 (equivalent to approximately HK\$63,000,000) to Mr. Guan. Details of which were set out in the announcement of the Company dated 27 June 2013.
- (8) On 8 July 2013, Beijing Dong Fang Hui entered into a loan agreement with Ms. Guo Yuexin (“Ms. Guo”). Pursuant to the loan agreement, Beijing Dong Fang Hui has agreed to grant a guaranteed loan in the account of RMB46,000,000 (equivalent to approximately HK\$57,960,000) to Ms. Guo. Details of which were set out in the announcement of the Company dated 8 July 2013.
- (9) On 23 August 2013, Solomon International Leasing (Tianjin) Co., Ltd\* (“Solomon”), an indirect wholly-owned subsidiary of the Company, has entered into a finance lease agreement with Shandong Long Li Bio-technology Company Limited\* (“Shandong Long Li”). Pursuant to the finance lease agreement, Solomon has agreed to purchase part of the 15,000 tons xylitol production line located in Shandong, PRC (the “Equipment”) from Shandong Long Li for a total consideration of RMB44,000,000 (equivalent to approximately HK\$55,440,000) and lease the Equipment back to Shandong Long Li for a term of 60 months. Details of which were set out in the announcement of the Company dated 23 August 2013.



- (10) On 29 August 2013, Beijing Dong Fang Hui has entered into a second agency agreement with Ms. Yin Zhaojun (“Ms. Yin”) and therefore Ms. Yin has (on behalf of Beijing Dong Fang Hui) entered into a second loan agreement and a second pledge agreement with Ms. Liu Rujun (“Ms. Liu”) on 30 August 2013. On 29 August 2013, Beijing Dong Fang Hui has also entered a second tri-partite cooperative agreement with Ms. Yin and Ms. Liu in relation to the second loan agreement. Pursuant to the second agency agreement, Beijing Dong Fang Hui has appointed Ms. Yin as its agent to grant a secured second loan to Ms. Liu on its behalf and act on its instructions in relation to the second loan agreement. Pursuant to the second loan agreement, Ms. Yin has agreed to grant the secured second loan to Ms. Liu. In addition, pursuant to the second pledge agreement entered into by Ms. Liu and Ms. Yin on the same date, Ms. Liu has pledged a security with an agreed appraised value of RMB12,000,000 (equivalent to approximately HK\$15,324,000) in favour of Ms. Yin to secure the performance of Ms. Liu’s obligations under the second loan agreement. Details of which were set out in the announcement of the Company dated 30 August 2013.
- (11) On 30 August 2013, Yoho Shine Limited (“Yoho Shine”) (an indirect wholly-owned subsidiary of the Company) has conditionally agreed to acquire the entire share capital of Beijing Jinshengtai Financial Consulting Company Limited at the consideration of HK\$66,608,320 to be payable in cash (the “Acquisition”). The said company is a financial consulting company and its principal business is the provision of medium and short term financing services, including personal loans, entrusted loans and financial consultation services in the PRC and all conditions precedent as set out under sale and purchase agreement were fulfilled and completion of the Acquisition took place on 3 April 2014. Details of the Acquisition have been disclosed in the Company’s announcement dated 30 August 2013, 31 March 2014 and 3 April 2014.
- (12) On 3 September 2013, Beijing Dong Fang Hui has entered into a loan agreement with Ms. Hao Junmei (“Ms. Hao”). Pursuant to the loan agreement, Beijing Dong Fang Hui has agreed to grant an unsecured loan in the amount of RMB13,000,000 (equivalent to approximately HK\$16,601,000) to Ms. Hao. Details of which were set out in the announcement of the Company dated 3 September 2013.
- (13) On 18 September 2013, Beijing Dong Fang Hui has entered into a loan agreement with Mr. Wu Bing (“Mr. Wu”). Pursuant to the loan agreement, Beijing Dong Fang Hui has agreed to grant an unsecured loan in the amount of RMB10,000,000 (equivalent to approximately HK\$12,600,000) to Mr. Wu. Details of which were set out in the announcement of the Company dated 18 September 2013.



(14) On 2 October 2013, Success Path Corporation Limited (an indirect wholly-owned subsidiary of the Company) as the purchaser and the vendors, namely Mr. Wan Lei, Mr. Hao Peng Fei and Mr. Yang Xiao Yung entered into the sale and purchase agreement whereby the purchaser has agreed to acquire from the vendors the entire share capital of Beijing Hong Tian Chuang Ming Investment Consulting Co., Ltd\* (北京弘天創銘投資諮詢有限公司) for consideration of HK\$260,500,000. The despatch date of the circular has been postponed to a date falling on or before 31 May 2014 and the extension of the long stop date has been agreed by the parties thereto from 31 May 2014 to 30 September 2014. Details of which are disclosed in the announcements dated 2 October 2013 and 24 October 2013, 21 November 2013, 20 December 2013, 17 January 2014, 14 February 2014, 14 March 2014, 11 April 2014, 9 May 2014 and 12 May 2014 and the circular of the Company dated 15 May 2014.

(15) On 4 October 2013, the Company placed a sale order to dispose of shares of China Agri-Products Exchanges Limited (“CAP Shares”) (stock code: 149) on the open market. A total number of 180 million CAP Shares was disposed through a series of sales on open market from 4 October 2013 to 9 October 2013. The aggregate gross sale proceeds is approximately HK\$19.12 million (excluding transaction costs) and the average price for each CAP Share disposed is approximately HK\$0.106.

On 17 October 2013, the Company further disposed of 57 million CAP Shares through a sale order in the open market. The aggregate gross sale proceeds is approximately HK\$5,901,000 (excluding transaction costs) and the average price for each CAP Share disposed is approximately HK\$0.104.

On 18 October 2013, the Company further disposed of 3 million CAP Shares through a sale order in the open market. The aggregate gross sale proceeds is approximately HK\$303,670 (excluding transaction costs) and the average price for each CAP Share disposed is approximately HK\$0.101.

(16) On 17 October 2013, the Company and United Simsen Securities Limited (the “Placing Agent”), an indirect wholly-owned subsidiary of the Company entered into the placing agreement pursuant to which the Placing Agent has conditionally agreed to procure placee(s), on a best effort basis, to subscribe for the Convertible Notes with an aggregate principal amount of up to HK\$500 million. The initial conversion price shall be HK\$5.00 per conversion share and on 25 October 2013, the Company and the Placing Agent has entered into the supplemental agreement to amend certain terms and conditions of the placing agreement. On 30 December 2013, the Company announced that the Convertible Notes would be fully placed to Mr. Liu Yan Hong (“Ms. Liu”) upon completion of the placing, subject to fulfillment of the conditions as set out in the placing agreement. The Placing was completed on 19 February 2014 and the Convertible Notes in the aggregate principal amount of HK\$500,000,000 have been successfully placed and issued to the placee. Details of which were disclosed in the Company’s announcements dated 17 October 2013, 25 October 2013, 30 December 2013 and 19 February 2014 and circular dated 29 October 2013 respectively.

- (17) On 27 December 2013, Beijing Dong Fang Hui, Mr. Guan and Beijing Caijintianlan Trading Company Limited entered into a loan extension agreement, pursuant to which the repayment date of the loan granted to Mr. Guan under a loan agreement dated 27 June 2013 has been extended to 26 December 2014. Details of which were disclosed in the announcement of the Company dated 27 December 2013.
- (18) On 29 January 2014, Beijing Dong Fang Hui and Ms. Guo entered into a loan extension agreement, pursuant to which the repayment date of the loan granted to Ms. Guo under a loan agreement dated 8 July 2013 has been extended to 7 September 2014. Details of which were disclosed in the announcement of the Company dated 29 January 2014.
- (19) On 7 March 2014, the Company proposed a bonus issue to the qualifying Shareholders on the basis of nine (9) bonus shares for every one (1) existing Share held on 9 April 2014, and a total of 572,105,592 Bonus Shares have been issued on 9 April 2014 pursuant to the bonus issue. Details of which were disclosed in the Company's announcements dated 7 March 2014 and 9 April 2014 and the circular dated 14 March 2014.
- (20) On 3 April 2014, the Company was informed by Mr. Liu who was the then beneficial owner of the convertible notes issued by the Company in the aggregate principal amount of HK\$500,000,000 (the "Convertible Notes") that Mr. Liu as vendor entered into an agreement with Able China Investments Limited ("Able China") as the purchaser to sell all his interest in the Convertible Notes (the "Transfer"). As informed by Mr. Liu and Able China, the Transfer has been completed on 10 April 2014 and the Company has received the conversion notice from Able China on 10 April 2014 to partially convert HK\$135,000,000 Convertible Notes into 270,000,000 Shares. The Company has issued and allotted the said conversion Shares in accordance with the terms of the Convertible Notes. Details of which were disclosed in the announcements dated 4 April 2014 and 10 April 2014.

## **FOREIGN EXCHANGE EXPOSURES**

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, the Group will closely monitor this risk exposure as required.

## **CONTINGENT LIABILITIES**

United Simsen Securities Limited ("USSL"), an indirect wholly owned subsidiary of the Company, has been joined as the 10th defendant to the High Court action HCA 64/2012 commenced by Mayer Holdings Limited ("Mayer") as plaintiff (the "Action") and has just been served with the Re-amended Writ of Summons and Re-amended Statement of Claim for the Action.

Mayer is claiming against USSL for damages for, among other things, breach of contract. USSL has sought legal advice on the alleged claims against it but based on their understanding of the factual background concerning the alleged claims against USSL, the Directors consider that USSL has a defence of merit and will therefore defend the alleged claims strenuously. The parties to the Action are in the course of providing relevant information to the High Court and there is no substantial progress as at 30 April 2014.

Save as disclosed above, the Group had no other material contingent liability at 30 April 2014.

## **EVENTS AFTER THE END OF THE REPORTING PERIOD**

- (1) On 9 May 2014, USSL as the underwriter entered into the underwriting agreement with China Energy Development Holdings Limited, the shares of which are listed on main board of Stock Exchange (stock code: 228) whereby the underwriter agreed to underwrite not less than 1,980,280,000 offer shares and not more than 3,387,749,690 offer shares at the offer price of HK\$0.095 each under the open offer. On the same day, the Company has entered into the sub-underwriting letter with the underwriter whereby the Company agreed to sub-underwrite 617,749,690 offer shares at the offer price of HK\$0.095 each under the open offer. Details of which are disclosed in the announcement of the Company dated 9 May 2014.
- (2) On 22 May 2014, SCFL has entered into the loan agreement and the security documents with Happy On Investments Limited as customer A and Mr. Xu Jia Wei\* (徐家偉) as guarantor. SCFL has agreed to grant an secured loan in the amount of US\$30,000,000 (equivalent to HK\$234,000,000) to customer A for a term of 30 days from the date of loan drawing. Mortgagor has agreed to mortgage and charge in favour of the mortgagee his legal and beneficial in 1 issued share capital in customer A as security of the loan under the loan agreement. Details of which are disclosed in the announcement of the Company dated 22 May 2014.
- (3) On 22 May 2014, Solomon entered into the agreements in relation to the provision of the service. Pursuant to the finance lease agreement, Solomon agreed to purchase the equipment from party A at a total consideration of RMB70,000,000 (equivalent to approximately HK\$89,600,000) and lease the equipment back to party A for a term of 36 months. Pursuant to the co-payment agreement, 中電華通通信有限公司 (CECT-CHINACOMM COMMUNICATIONS Co., Ltd.\*) as party A and 信通數據網絡通信有限公司 (Xin Tong Data Network & Communication Ltd.\*) as party B agreed to, among other things, undertake joint liability for the lease payments, penalty, compensation and other fees payable by party A to Solomon under the finance lease agreement. Details of which are disclosed in the announcement of the Company dated 22 May 2014.
- (4) On 27 June 2014, SCFL, as lender has entered into a loan agreement with the borrower, pursuant to which the lender has agreed to provide a loan of HK\$190 million to the borrower subject to the terms and conditions of the loan agreement. Details of which are disclosed in the announcement of the Company dated 27 June 2014.

- (5) On 6 July 2014, the Company disclosed that as informed by Able China, it has transferred the Convertible Notes in the aggregate principal amount of HK\$365,000,000 to Mr. Liu and then as informed by Mr. Liu, he has transferred part of the Convertible Notes in the aggregate principal amount of HK\$265,000,000 to Mr. Cui Zhanhui (“Mr. Cui”). On 4 July 2014, Mr. Liu and Mr. Cui, respectively served the conversion notices to the Company whereas Mr. Liu converted the Convertible Notes in the principal amount of HK\$100,000,000 to 200,000,000 ordinary shares of the Company and Mr. Cui converted part of the Convertible Notes in the principal amount of HK\$235,000,000 to 470,000,000 ordinary shares of the Company (the “Conversion”). The Company has issued and allotted the said conversion shares in accordance with the terms of the Convertible Notes. Immediately after the conversion, the outstanding Convertible Notes issued by the Company is amounted to HK\$30,000,000. Details of which are disclosed in the announcements of the Company dated 4 July 2014 and 6 July 2014.
- (6) On 10 July 2014, Success Path Corporation Limited (“the Purchaser”), an indirect wholly-owned subsidiary of the Company, and Mr. Wan Lei, Mr. Hao Peng Fei and Mr. Yang Xiao Yung (the “Vendors”) entered into a deed of termination to the sale and purchase agreement dated 2 October 2013 in respect of the acquisition of Beijing Hong Tian Chuang Ming Investment Consulting Co., Ltd\* (the “Deed”), pursuant to which the sale and purchase agreement shall be, or be deemed to be, terminated unconditionally with immediate effect from the date of the Deed. On 19 February 2014, the Company had completed the placing of the Convertible Notes in the principal amount of HK\$500 million. As at 10 July 2014, approximately HK\$260.5 million (the “Reserved Amount”) has been reserved for satisfying the consideration of the acquisition. As the acquisition has been terminated and the Group has no alternative investments or plans to expand its existing business segments, the Board considered to utilise the Reserved Amount for distribution by a way of special dividend to the Shareholders and/or for the general working capital of the Group. On 22 July 2014, a board meeting was held and the Board has recommended the declaration and payment of a special dividend of HK\$0.15 on each ordinary Share (the “Special Dividend”) to the Shareholders provided that such declaration and payment of the Special Dividend is subject to satisfaction of certain conditions precedent. Details of which are disclosed in the announcements of the Company dated 10 July 2014 and 22 July 2014.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 30 April 2014.

## **CORPORATE GOVERNANCE PRACTICES**

During the year ended 30 April, 2014, the Company has complied with all applicable code provisions under the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code provision A.6.7 of the CG Code stipulates that all independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to their personal commitments, all independent non-executive Directors were unable to attend the special general meeting of the Company held on 10 October 2013, 15 November 2013, 31 March 2014 and the annual general meeting dated 2 October 2013 during the tenure of their position.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transaction. Having made specific enquiry with all Directors, the Board has confirmed compliance with the required standard set out in the Model Code throughout the year ended 30 April 2014.

## **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) was established in accordance with the requirements of Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal control systems, and compliance with the relevant rules and regulations. The Audit Committee currently comprises three independent non-executive Directors, Messrs. Zhu Chengwu (as chairman), Yeung Siu Keung and Chen Wai Chung Edmund. The Audit Committee has reviewed the financial statements of the Group for the year ended 30 April 2014.

## **SCOPE OF WORK OF ZENITH CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 April 2014 as set out in the preliminary announcement have been agreed by the Group’s auditor, Zenith CPA Limited, to the amounts set out in the Group’s consolidated financial statements for the year ended 30 April 2014. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zenith CPA Limited on the preliminary announcement.

## **PUBLICATION OF THE AUDITED ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the designated issuer website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.simsen.com>). The annual report will be dispatched to the Shareholders and will also be published on the respective websites of the Stock Exchange and the Company in August 2014.

By Order of the Board  
**Simsen International Corporation Limited**  
**Fu Jiwen**  
*Executive Director*

Hong Kong, 25 July 2014

*As at the date of this announcement, the executive Directors are Mr. Fu Jiwen and Ms. Zhou Baoying and independent non-executive Directors are Mr. Zhu Chengwu, Mr. Yeung Siu Keung and Mr. Chen Wai Chung, Edmund.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*