中國富強金融集團
CHINA FORTUNE FINANCIAL GROUP

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 290)

ANNUAL REPORT 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. WONG Kam Fat Tony *(Chairman)*
Mr. NG Cheuk Fan Keith *(Managing Director)*
Mr. HON Chun Yu
Mr. XIA Yingyan

Non-Executive Director

Mr. WU Ling

Independent Non-Executive Directors

Mr. CHAN Kin Sang
Mr. NG Kay Kwok
Mr. TAM B Ray Billy

COMPANY SECRETARY

Ms. HAU Po Ping

AUTHORISED REPRESENTATIVES

Mr. NG Cheuk Fan Keith
Ms. HAU Po Ping

AUDIT COMMITTEE

Mr. NG Kay Kwok *(Chairman)*
Mr. CHAN Kin Sang
Mr. TAM B Ray Billy

REMUNERATION COMMITTEE

Mr. TAM B Ray Billy *(Chairman)*
Mr. NG Kay Kwok
Mr. WONG Kam Fat Tony

NOMINATION COMMITTEE

Mr. TAM B Ray Billy *(Chairman)*
Mr. NG Cheuk Fan Keith
Mr. NG Kay Kwok

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

35/F., Office Tower
Convention Plaza
Wanchai
Hong Kong
Tel: (852) 3105 1863
Fax: (852) 3105 1862

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
Bank of Communications Co., Ltd

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
A18/F., Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
Hong Kong
Tel: (852) 2849 3399
Fax: (852) 2849 3319

STOCK CODE

0290

WEBSITE

www.290.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (each a "**Director**") of China Fortune Financial Group Limited (the "**Company**"), together with its subsidiaries collectively referred to as (the "**Group**"), I hereby present the results of the Group for the year ended 31 March 2015.

Year 2014 is clouded by various uncertainties including those uncertainties arising from the monetary policy normalisation of the United States of America, slowdown of expansion rate for the People's Republic of China ("**PRC**") or ("**China**") economy and uncertainties in the global economy, in turn lead to a fluctuating global stock market. The Board paid attention to the changes in global economy and continued to explore and pursue growth opportunities under challenging conditions.

The Securities and Futures Commission ("**SFC**") of Hong Kong and the China Securities Regulatory Commission ("**CSRC**"), issued a joint announcement in April 2014 in relation to the in-principle approval of the establishment of a pilot programme that links the stock market in Shanghai and Hong Kong for stock trading and settlement ("**Shanghai-Hong Kong Stock Connect**"). This announcement introduced opportunities to the securities business in Hong Kong. Under the programme, local and overseas investors in both Hong Kong and Shanghai will be allowed to trade designated shares listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (the "**Stock Exchange**") respectively. The news gave the market a generally bullish outlook and stimulated the rebound of stock markets in mainland China and Hong Kong. A more accessible market together with the maturity law and regulations, the Group anticipated that it would attract more and more companies to raise funds through the Hong Kong stock market.

In the meantime, the Group anticipated that policies introduced in succession will attract capital influx into the Hong Kong market, boosting both the stock market and economic development in Hong Kong.

The Group will take advantage of these opportunities to strengthen our sponsorship business by providing professional services with high standard of quality.

During the year under review, the Group recorded a turnover of approximately HK$45,083,000 (2014: approximately HK$51,140,000) and the net loss attributable to shareholders of the Company ("**Shareholders**") was approximately HK$157,167,000 (2014: approximately HK$15,623,000). The loss was mainly due to the loss recorded in proprietary trading of securities by the Group, a significant decrease in reversal of impairment loss in respect of trade receivables, a significant increase in impairment loss recognised in respect of trade receivables, an increase in provision of loan receivables and impairment loss recognised in respect of the amount due from a joint venture.

CHAIRMAN'S STATEMENT

Going forward, the Board is cautiously optimistic as the global financial and economic conditions are expected to remain challenging in 2015 for the reason of combined effects of the introduction of Shanghai-Hong Kong Stock Connect, slowdown of economic growth in the PRC and uncertainties in the global economy. The Board will continue to explore and pursue growth opportunities in order to enhance the Shareholders' value and strengthen the financial position of the Group.

On behalf of the Board, I would like to express our sincere gratitude to all Shareholders, business partners, colleagues, and other stakeholders for their unwavering support in the past year.

By Order of the Board

WONG Kam Fat Tony
Chairman

Hong Kong, 26 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2015, turnover of the Group amounted to approximately HK$45,083,000, representing a decrease of approximately 11.84% from approximately HK$51,140,000 for the year ended 31 March 2014.

The Group recorded a loss for the year of approximately HK$157,167,000, as compared with the loss of approximately HK$15,623,000 in the last year. The loss for the year was principally attributable to (i) the loss recorded in proprietary trading of securities by the Group; (ii) a significant decrease in reversal of impairment loss in respect of trade receivables; (iii) a significant increase in impairment loss recognised in respect of trade receivables; (iv) an increase in provision of loan receivables; and (v) impairment loss recognised in respect of the amount due from a joint venture.

Net loss attributable to owners of the Company for the year amounted to approximately HK$156,732,000, representing an increase of approximately 927.48% comparing with the loss of approximately HK$15,254,000 in last year. The basic and diluted loss per share for the year was approximately HK4.58 cents as compared with the basic and diluted loss per share of approximately HK0.46 cent in last year.

BUSINESS REVIEW

Broking and margin financing

Shanghai-Hong Kong Stock Connect stimulated the rebound of stock markets in mainland China and Hong Kong. The Group's trading volumes and commission income increase in the reporting year and the Group recorded a segment loss of approximately HK$1,829,000. The Group anticipated that policies introduced in succession will attract capital influx into the Hong Kong market.

Proprietary trading

During the year under review, all securities traded were shares listed on the Stock Exchange.

The proprietary trading segment recorded a trading loss of approximately HK$1,840,000 (2014: trading profit of securities amounting to approximately HK$12,400,000) and incurred a loss of approximately HK$2,246,000 (2014: profit of approximately HK$11,796,000). The respective segment loss was mainly due to fluctuation in stock prices on securities held by the Group.

Corporate finance

The corporate finance market was under a keen competition during the reporting year. Revenue from our corporate finance business slightly decreased by approximately 2.35% from approximately HK$10,082,000 to approximately HK$9,845,000 while the segment profit amounted to approximately HK$677,000 for the year ended 31 March 2015 as compared to a segment profit of approximately HK$685,000 last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Money lending

During the reporting year, despite the money lending market was under intensive competition locally, the Group recorded an increase in interest income to approximately HK$6,539,000 for the year ended 31 March 2015 from approximately HK$4,852,000 in last year.

Other businesses

During the reporting year, the Group recorded a turnover from other business operation in providing other consultancy services and insurance brokerage services of approximately HK$5,207,000 (2014: approximately HK$6,229,000).

MATERIAL ACQUISITION

On 20 January 2015, Giant Talent Group Ltd. ("**Giant Talent**"), a directly wholly-owned subsidiary of the Company, entered into the sale and purchase agreement (the "**Sale and Purchase Agreement**") with Ms. KWONG Mei Ling Merlin (the "**Vendor**"), an independent third party, pursuant to which the Vendor has conditionally agreed to sell and Giant Talent has conditionally agreed to purchase 25% of the entire issued capital of Prior Capital Limited ("**Prior Capital**") for a consideration of HK$2.5 million.

The transaction constitutes a discloseable transaction of the Company. Details of which were published in the Company's announcement dated 20 January 2015. The acquisition was completed on 21 January 2015.

Save as disclosed above, there was no material acquisition or disposal of the Group during the year ended 31 March 2015.

ISSUE OF CONVERTIBLE BONDS

On 10 February 2015, the Company (as the issuer) entered into a subscription agreement (the "**Subscription Agreement**") with Ever Step Holdings Limited (the "**Subscriber**"), an independent third party, pursuant to which, the Subscriber has agreed to subscribe for the convertible bonds in the principal amount of HK$40,384,615 (the "**Convertible Bonds**").

The Subscriber is a company incorporated in the British Virgin Islands and is principally engaged in investment holdings. It is a wholly-owned subsidiary of Credit China Holdings Limited ("**Credit China**"), the shares of which are listed on the growth enterprise market of the Stock Exchange.

Completion of the subscription under the Subscription Agreement took place on 25 February 2015. The Convertible Bonds bear an interest rate of 12% per annum and mature in twelve calendar months from the date of issue of the Convertible Bonds at a conversion price of HK$0.13 (the "**Conversation Price**") per conversion share ("**Conversion Share**"). Upon full conversion of the Convertible Bonds at the Conversion Price, a total of 310,650,884 Conversion Shares will be issued, subject to adjustments to the Conversion Price.

MANAGEMENT DISCUSSION AND ANALYSIS

The net proceeds from the issue of the Convertible Bonds of HK$40,384,615 will be used for repayment of debts and/or as general working capital of the Group.

For details of the Subscription Agreement and relevant transaction, please refer to the announcements of the Company dated 10 February 2015 and 25 February 2015.

PROSPECTS

Despite the constantly changing stock market in Hong Kong, the impact of the slowdown of economic growth in the mainland China, the Group still holds a cautiously optimistic view on Hong Kong's economy as well as the prospects of the Group's business development and it is still confident that there is room for potential development.

In 2014, the CSRC and the SFC of Hong Kong have approved, in principle, the development through Shanghai-Hong Kong Stock Connect for establishing mutual stock market access between mainland China and Hong Kong.

The Shanghai-Hong Kong Stock Connect is an important step towards the opening up of the China capital market and will enhance capital market connectivity between mainland China and Hong Kong. Therefore, we expect that the performance of the stock market in Hong Kong and mainland China to be relatively optimistic and the programme might have a positive impact on the securities business of the Group.

The initial public offering (the "**IPO**") market in Hong Kong was more active for the calender year of 2014 and there were approximately 122 newly listed companies for the calendar year 2014. There was an increase of approximately 11% when compared with approximately 110 for the calendar year 2013, and the numbers include any transfers of listing from Growth Enterprise Market to Main Board of the Stock Exchange. The funds raised through IPOs for the calendar year 2014 were around HK$227,741 million and there was an increase of approximately 35% when compared with approximately HK$168,960 million for the calendar year 2013. The market capitalisation in calendar year 2014 is HK$25,071.8 billion, which is approximately 4% more than that of calendar year 2013 of HK$24,042.8 billion. We expect there will be an increase in our sponsorship business.

For expanding our money lending business, the Group has introduced the mortgage and factoring businesses during the reporting year. We expect the respective introduction will broaden the revenue base of the business of our Group.

Looking ahead, the Group will continue to concentrate on developing broking and margin financing, proprietary trading, corporate finance and money lending as its core businesses. The Group will stand firm against difficulties and challenges, make strategic adjustments according to the market trend and create more development and growth opportunities for the Group in order to enhance Shareholder's value.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

As at 31 March 2015, the total issued share capital of the Company was approximately HK$341,839,000 comprising 3,418,385,668 shares of the Company of HK$0.10 each (the "**Shares**").

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the reporting year, all licensed subsidiaries of the Group complied with the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes convertible loan notes, corporate bonds, cash and cash equivalents and equity attributable to owners of the Company, which comprises issued share capital and reserves.

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remained unchanged during the two years ended 31 March 2015 and 2014.

For certain subsidiaries of the Group, they are regulated by SFC and are required to comply with certain minimum capital requirements according to the rules of SFC. Our management monitors, on a daily basis, the subsidiaries' liquid capital level to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules. The range of liquid capital is from HK$100,000 to HK$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

One of the subsidiaries of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK$100,000 at all times.

There is no non-compliance of the capital requirements of the Group members imposed by the respective regulators during the years ended 31 March 2015 and 2014.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

During the reporting year, the Group mainly financed its operations by cash generated from operating activities and issuance of the corporate bonds.

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2015, the Group's current assets and current liabilities were approximately HK$374,252,000 (as at 31 March 2014: approximately HK$465,084,000) and approximately HK$225,603,000 (as at 31 March 2014: approximately HK$182,157,000) respectively, while the current ratio was about 1.66 times (as at 31 March 2014: 2.55 times).

As at 31 March 2015, the Group's aggregate cash and cash equivalents amounted to approximately HK$79,435,000 (as at 31 March 2014: approximately HK$87,011,000), of which approximately 98.31% was denominated in Hong Kong dollars, approximately 1.04% was denominated in United States dollars ("**USD**") and approximately 0.65% was denominated in Renminbi ("**RMB**"), representing approximately 21.23% (as at 31 March 2014: approximately 18.71%) of total current assets. As at 31 March 2015, the Group had no bank and other borrowings (as at 31 March 2014: Nil).

During the reporting year, no financial instruments were used for hedging purposes. As at 31 March 2015, the gearing ratio, measured on the basis of total borrowing as a percentage of total shareholders' equity, was approximately 115.43% (as at 31 March 2014: approximately 36.79%). The increase was mainly due to issuance of corporate bonds during the reporting year.

As at 31 March 2015, the debt ratio, defined as total debts over total assets, was approximately 67.81% (as at 31 March 2014: approximately 45.50%).

As at 31 March 2014 and 31 March 2015, the Group has issued 2 to 7 and a half years corporate bonds with aggregate principal amounts of HK$53,810,000 and HK$67,500,000 to 8 and 19 independent third parties respectively, net of direct expenses of approximately HK$7,637,000 and HK$9,900,000 respectively, their maturity dates are from December 2015 to March 2022 and carry interest at fixed rate of 6% to 7% per annum with interest payable annually in arrears. The corporate bonds are unsecured.

SIGNIFICANT INVESTMENT

As at 31 March 2015, the Group held financial assets at fair value through profit or loss amounted to approximately HK$20,944,000 (as at 31 March 2014: approximately HK$22,464,000).

CONTINGENT LIABILITIES

During the year ended 31 March 2015, the Group has provided certain counter financial guarantees to an independent third party (2014: two independent parties), which has provided financial guarantees directly to Chongqing Liangjiang New Area Runtong Small Loans Business Limited* ("**Runtong**"), an associate of the Group, in aggregate of approximately RMB21,700,000 (equivalent to approximately HK$27,372,000) (2014: approximately RMB10,000,000 (equivalent to approximately HK$12,317,000)).

For details, please refer to the announcement of the Company dated 19 November 2013.

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

MANAGEMENT DISCUSSION AND ANALYSIS

CHARGE ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 31 March 2015 (2014: nil).

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of client's trading and credit limits, regular review of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

FOREIGN CURRENCY FLUCTUATION

During the year, the Group mainly used Hong Kong dollars to carry out its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

HUMAN RESOURCES

As at 31 March 2015, the Group had 84 employees in total (as at 31 March 2014: 81 employees). The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK$29,870,000 (2014: approximately HK$31,977,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions. For details of the share option scheme, please refer to the section headed "**Share Option Scheme**" in the Directors' Report of this annual report.

LITIGATION

In April 2014, a writ of summons was issued by a third party in liquidation (the "**Plaintiff**") against Fortune (HK) Securities Limited ("**F(HK)SL**"), a subsidiary of the Company, in relation to HK$4,000,000 ("**Sum**") paid to F(HK)SL pursuant to a cheque issued by the Plaintiff in September 2009 which was transferred to a client's account maintained with F(HK)SL. The Plaintiff claimed that the Sum was money belonging to them and demanded for a refund of the Sum. As advised by the legal adviser to the case, pursuant to the terms and conditions of the client's agreement entered into between the client and F(HK)SL, F(HK)SL is entitled to set off or withhold any securities and monies held in the account against any liabilities owed by the client. Having considered the legal advice, the Board believes that the said legal action does not have any material adverse impact on the Group's operation and financial position. As at the date of this report, the said legal action is still in progress.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. WONG Kam Fat Tony

Mr. WONG Kam Fat Tony, aged 52, was appointed as a non-executive Director and the chairman in September 2009. On 12 April 2011, he resigned as the chairman and was appointed as the vice-chairman. On 1 July 2014, Mr. Wong was further re-designated from a non-executive Director to an executive Director and from the vice-chairman to the chairman, and was appointed as a member of the Remuneration Committee of the Company. Mr. Wong is the vice-chairman of the board of directors as well as the chairman of human resources and administration committee of Sik Sik Yuen. He is also the supervisor of Ho Yu College and Primary School. He has profound management experience in working with charities and in the education industry as well as possessing over 19 years of management experience in the printing industry. He is a director of Hip Lik Design and Printing Company Limited, which is principally engaged in the printing business. As at the date of this annual report, Jadehero Limited ("**Jadehero**"), a company incorporated in the British Virgin Islands with limited liability, beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong is a director of Jadehero and the sole director of, and the sole beneficial owner of the entire equity interest in, Marvel Steed Limited.

Mr. NG Cheuk Fan Keith

Mr. NG Cheuk Fan Keith, aged 54, was appointed as an executive Director in April 2007 and was further appointed as the managing Director on 4 December 2007. Mr. Ng is a member of the Nomination Committee of the Company. Upon his directorate in the Company, he was further appointed as the director of most of the subsidiaries of the Group. Mr. Ng graduated from the University of Alberta, Canada, with a Bachelor Degree in Commerce, major in Accounting. He also received a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia. Mr. Ng is a member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of corporate development, corporate re-structuring, management and accounting experience.

Mr. Ng is an independent non-executive director of China Eco-Farming Limited, a company listed on the growth enterprise market of the Stock Exchange (the "**GEM**"). He is an executive director, the chairman and one of the authorized representatives of U-right International Holdings Limited ("**U-right International**"), and he was the Company Secretary of U-right International from 7 January 2011 to 18 September 2013, a company listed on the main board of the Stock Exchange. Mr. Ng was also an independent non-executive director of the Hong Kong Building and Loan Agency Limited from 15 January 2010 to 3 August 2012, a company listed on the main board of the Stock Exchange. He was an executive director of Hao Tian Resources Group Limited from 1 September 2009 to 20 September 2011 and New Environmental Energy Holdings Limited from 16 August 2010 to 27 May 2011, both of which are listed on the main board of the Stock Exchange.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. HON Chun Yu

Mr. HON Chun Yu, aged 39, was appointed as an executive Director in January 2010. He has over ten years' experience in the securities brokerage industry. In November 2002, Mr. Hon joined the Group and served in both the accounting department of the Group for one year and as an account executive of a wholly-owned securities company of the Group for one year. Mr. Hon then left to pursue his career in a renowned securities company, before re-joining the Group in May 2006 as the operation manager of F(HK)SL, a wholly-owned subsidiary of the Company.

Mr. XIA Yingyan

Mr. XIA Yingyan, aged 53, was appointed as non-executive Director on 8 December 2010 and was re-designated to executive Director on 5 May 2011. Mr. Xia was further appointed as the director of various subsidiaries of the Group in 2012. He graduated from Hainan University, major in both International Trade and Commerce and Business Administration. Mr. Xia possesses significant management experience in the PRC and Hong Kong trade and business. He was formerly the development manager of Hainan Huahai (Hong Kong) Limited, and the assistant to president of HNA Group (Hong Kong) Limited, a subsidiary of HNA Group. HNA Group is based in Hainan Province of the PRC whose shares are listed on PRC's A and B Stock Exchange Markets. Mr. Xia was the manager of Hainan Meilan International Airport Company Limited ("**Hainan Meilan**") where he is responsible for Hong Kong affairs. Hainan Meilan is a joint stock company incorporated in the PRC with limited liability whose issued shares are listed on the main board of the Stock Exchange. As at the date of this annual report, Jadehero beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Xia is a director of Jadehero and the sole director of, and the sole beneficial owner of the entire equity interest in, Southlead Limited.

NON-EXECUTIVE DIRECTOR

Mr. WU Ling

Mr. WU Ling, aged 61, was appointed as a non-executive Director on 16 December 2011. He holds a Bachelor Degree in Economics from Zhongnan University of Economics and Law. Mr. Wu is a senior economist and has over 20 years of experience in the PRC in the area of banking and financial services related business. Mr. Wu was an executive director and vice chairman of Well Kent International Investment Company Limited, a company incorporated in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Kay Kwok

Mr. NG Kay Kwok, aged 53, was appointed as an independent non-executive Director in September 2007. He is also the chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. Ng graduated from the Australian National University with a Bachelor's Degree in Economics and obtained a Graduate Diploma in Accounting from Macquarie University. He is a member of CPA Australia and has extensive experience in accounting and financial management. Mr. Ng is an independent non-executive director of Merdeka Resources Holdings Limited, a company listed on the GEM.

In addition, Mr. Ng was an executive director and the chief executive officer of Get Holdings Limited (formerly known as M Dream Inworld Limited) ("**Get Holdings**") from 9 July 2010 to 31 May 2011 and from 29 May 2012 to 24 May 2013, he also was the company secretary of Get Holdings from 1 January 2007 to 31 May 2011, a company listed on the GEM.

Mr. TAM B Ray Billy

Mr. TAM B Ray Billy, aged 47, was appointed as an independent non-executive Director in December 2007. He is also the chairman of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee of the Company. Mr. Tam has been a practising solicitor in Hong Kong for around twenty years. He is currently a partner of Messrs. Ho & Tam. Mr. Tam holds a Bachelor Degree of Laws from the University of London, a Bachelor Degree of PRC Laws from Tsinghua University, a Master Degree of Laws from The University of Hong Kong and a Master Degree of Business Administration (Executive MBA Programme) from the Chinese University of Hong Kong. He is an independent non-executive director of EDS Wellness Holdings Limited (formerly known as China AU Group Holdings Limited), a company listed on the GEM. Mr. Tam is also a non-executive director of Milan Station Holdings Limited, a company listed on the main board of the Stock Exchange.

In addition, Mr. Tam was an independent non-executive director of Luxey International (Holdings) Limited (formerly known as Inter High Tech Group Limited) from April 2005 to December 2006, Get Holdings Limited (formerly known as M Dream Inworld Limited) from 18 June 2010 to 29 November 2013, China Natural Investment Company Limited from 11 November 2011 to 18 June 2014, and a non-executive director of Larry Jewelry International Company Limited from 16 December 2010 to 19 September 2014, all of which are listed on the GEM.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. CHAN Kin Sang

Mr. CHAN Kin Sang, aged 63, was appointed as an independent non-executive Director on 9 July 2014. He is also a member of the Audit Committee of the Company. Mr. Chan was a senior partner of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations) from September 1996 to April 2006 and has been the sole proprietor since then. Mr. Chan obtained a Bachelor's Degree in Laws from the University of Hong Kong in November 1979 and a Postgraduate Certificate in Laws from the University of Hong Kong in July 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of the Hong Kong Institute of Directors since August 2004, a Chairman of the Appeal Tribunal (Buildings Ordinance Cap.123) since February 2007, and a member of the Solicitors Disciplinary Tribunal since January 2005.

Mr. Chan is currently an independent non-executive director of Tianhe Chemicals Group Limited, China Taifeng Beddings Holdings Limited and China Precious Metal Resources Holdings Company Limited, all of which are listed on the main board of the Stock Exchange. Mr. Chan is also an independent non-executive director of Tianjin TEDA Biomedical Engineering Company Limited, a company listed on the GEM. He was an independent non-executive director of Combest Holdings Limited from September 2004 to June 2011 and has been a non-executive director since June 2011, a company listed on the GEM. Mr. Chan is an independent non-executive director of Luxking Group Holdings Limited and a non-executive director of Pan Hong Property Group Limited, both of which are listed on the Singapore Exchange Securities Trading Limited.

His past directorships in publicly listed companies, among others, a non-executive director and an independent non-executive director of Pacific Plywood Holdings Limited from December 2011 to April 2013 and from April 2010 to December 2011, respectively, a company listed on the main board of the Stock Exchange, a non-executive director of United Pacific Industries Limited from January 2011 to June 2013, an alternate director of Zhongda International Holdings Limited from March 2012 to March 2013, both of which are listed on the main board of the Stock Exchange, an independent non-executive director of Ming Kei Holdings Limited from March 2012 to June 2012, a company listed on the GEM, and an independent non-executive director of People's Food Holdings Limited from February 2001 to January 2014, a company listed on the Singapore Exchange Securities Trading Limited.

DIRECTORS' REPORT

REPORT OF DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015 of the Group.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 42 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 43 and 44 of this annual report.

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

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the reporting year are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL AND CONVERTIBLE LOAN NOTES

Details of movements in the share capital and convertible loan notes of the Company during the reporting year are set out in notes 34 and 33 to the consolidated financial statements respectively.

RESERVES

Movements in the reserves of the Group during the reporting year are set out on pages 47 and 48 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2015 and 31 March 2014, the Company had no reserves available for distributions.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 138 of this annual report. This summary does not form part of the audited financial statements.

DIRECTORS' REPORT

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company's original share option scheme was approved by the Shareholders on 12 February 2003 (the "**2003 Scheme**"), and was early terminated and replaced by a new share option scheme approved by the Shareholders on 19 August 2011 (the "**2012 Scheme**"). The 2012 Scheme shall be valid and effective for a period of ten years commencing on 19 August 2011, subject to the early termination provisions contained therein.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1. The subscription price of a Share in respect of any particular option granted under the 2012 Scheme shall be a price solely determined by the Directors, but shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which shall be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2012 Scheme does not exceed 10% of the shares in issue as at the date of adoption of the 2012 Scheme. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the Rules Governing on the Listing of Securities of the Stock Exchange (the "**Listing Rules**"), provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time.

The total number of securities available for issue under the 2012 Scheme as at the date of this annual report was 292,408,566 Shares which represented approximately 8.55% of the issued share capital of the Company as at the date of this annual report. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the 2012 Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised in accordance with the terms of the 2012 Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

No share option was granted, exercised, lapsed or cancelled during the year ended 31 March 2015 pursuant to the 2012 Scheme.

As at 31 March 2015, the Company did not have any outstanding options under the 2012 Scheme.

Details of the share option scheme are set out in note 36 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Executive Directors

Mr. ZHANG Min ("**Mr. Zhang**") *(Chairman) (Note 1)*	(Resigned all his offices in the Company on 1 July 2014)
Mr. WONG Kam Fat Tony ("**Mr. Wong**") *(Chairman) (Note 2)*	(Re-designated as an executive Director and was appointed as the chairman of the Board on 1 July 2014)
Mr. NG Cheuk Fan Keith *(Managing Director)*	
Mr. HON Chun Yu	
Mr. XIA Yingyan	

Non-executive Director

Mr. WU Ling

Independent non-executive Directors

Mr. LAM Ka Wai Graham ("**Mr. Lam**") *(Note 3)*	(Resigned all his offices in the Company on 11 April 2014)
Mr. CHAN Kin Sang ("**Mr. Chan**") *(Note 4)*	(Appointed as an independent non-executive Director on 9 July 2014)
Mr. NG Kay Kwok	
Mr. TAM B Ray Billy	

Notes:

1. Mr. Zhang resigned as an executive Director, the chairman of the Board and a member of the remuneration committee (the "**Remuneration Committee**") with effect from 1 July 2014 due to his other personal commitment. For details of the resignation, please refer to the announcement of the Company dated 20 June 2014.

2. Mr. Wong, was re-designated from a non-executive Director to an executive Director and from the vice-chairman to the chairman of the Board, and was appointed as a member of the Remuneration Committee in place of Mr. Zhang with effect from 1 July 2014. For details of the redesignation, please refer to the announcement of the Company dated 20 June 2014.

3. Mr. Lam resigned as an independent non-executive Director with effect from 11 April 2014 due to his other business commitments. Upon Mr. Lam's resignation, he also ceased to be the chairman of the Remuneration Committee and member of each of the audit committee (the "**Audit Committee**") and nomination committee (the "**Nomination Committee**") of the Company with effect from 11 April 2014.

DIRECTORS' REPORT

Following the resignation of Mr. Lam, the Company had not comply with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules which were explained below:

(i) The number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules;

(ii) The number of members of the Audit Committee falls below the minimum number required under Rule 3.21 of the Listing Rules; and

(iii) There is a vacancy for chairman of the Remuneration Committee which does not fulfil the requirement under Rule 3.25 of the Listing Rules.

In order to comply with the requirement under Rule 3.25 of the Listing Rules, on 20 June 2014, Mr. TAM B Ray Billy, the independent non-executive Director has been appointed as chairman of the Remuneration Committee. For the details of the appointment, please refer to the announcement of the Company dated 20 June 2014.

4. On 9 July 2014, Mr. Chan was appointed as an independent non-executive Director and a member of the Audit Committee. Following the appointment of Mr. Chan as an independent non-executive Director and a member of the Audit Committee, the Company has fulfilled the requirements of minimum number of independent non-executive Directors and Audit Committee members under Rules 3.10(1), 3.10(A) and 3.21 of the Listing Rules. For the details of the appointment, please refer to the announcement of the Company dated 9 July 2014.

In accordance with article 116 of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. NG Cheuk Fan Keith, Mr. HON Chun Yu and Mr. NG Kay Kwok, shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 11-14 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts or letters of appointment with each of the Directors for a specific term of one year, subject to renewal provisions therein and retirement by rotation and re-election at annual general meetings of the Company. Apart from the foregoing, none of the Directors proposed for re-election at the forthcoming annual general meeting has service contracts or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

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

As at 31 March 2015, the interests and short positions of each of the Directors or chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares and underlying shares of the Company:

Name of Director	Capacity	Interest in Shares	Interest in underlying shares	Approximate percentage of the issued share capital of the Company
WONG Kam Fat Tony ("**Mr. Wong**") *(Note)*	Interest of controlled corporations	800,000,000	–	23.40%
XIA Yingyan ("**Mr. Xia**") *(Note)*	Interest of controlled corporations	800,000,000	–	23.40%

Note:

Mr. Wong is the chairman and an executive Director whereas Mr. Xia is an executive Director. Jadehero, a company incorporated in the British Virgin Islands with limited liability, beneficially held 800,000,000 Shares as at 31 March 2015. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong is the sole beneficial owner of the entire equity interest in Marvel Steed Limited whereas Mr. Xia is the sole beneficial owner of the entire equity interest in Southlead Limited.

Save as disclosed above, as at 31 March 2015, none of the Directors nor the chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the reporting year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors and the chief executive of the Company, their respective spouse or minor children (natural or adopted) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the reporting year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the reporting year, the interests of Directors in the business which compete or is likely to compete either directly or indirectly, with business of the Group ("**Competing Business**") as required to be disclosed pursuant to the Listing Rules was as follows:

Interests in Competing Business

Name of Director	Name of company	Description of business of the Company	Nature of interest
LAM Ka Wai Graham ("**Mr. Lam**") *(Note)* (Independent non-executive Director)	Gram Capital Limited	Corporate Finance	managing director and sole shareholder

Note:

Mr. Lam resigned all his offices in the Company on 11 April 2014.

Save as disclosed above, none of the Directors was interested in any business apart from the Group's business which compete or is likely to complete, either directly or indirectly, with business of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2015, as far as is known to the Directors, the following persons (other than a Director or a chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

DIRECTORS' REPORT

Long position in the Shares and underlying shares of the Company:

Name of Shareholder(s)	Capacity	Interest in Shares	Interest in underlying shares	Total interest in shares	Approximate percentage to the issued share capital of the Company as at 31 March 2015
Jadehero *(Note 1)*	Beneficial owner	800,000,000	–	800,000,000	23.40%
Southlead Limited *(Note 1)*	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Marvel Steed Limited *(Note 1)*	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Mankind Investment Limited ("**MIL**") *(Note 2)*	Beneficial owner	500,000,000	–	500,000,000	14.63%
China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
Well Kent International Investment Company Limited ("**Well Kent**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
China Cinda Asset Management Co., Limited ("**China Cinda Asset**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
One Express Group Limited ("**One Express**") *(Note 3)*	Beneficial owner	–	320,000,000	320,000,000	9.36%
CR Investment Group Limited ("**CR Investment**") *(Note 3)*	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
PME Group Limited ("**PME Group**") *(Note 3)*	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
Chinese Strategic Holdings Limited (formerly known as China Railway Logistics Limited) ("**Chinese Strategic**") *(Note 4)*	Interest of controlled corporation	412,738,000	–	412,738,000	12.07%
Right Magic Limited ("**Right Magic**") *(Note 4)*	Beneficial owner	263,738,000	–	263,738,000	7.71%
Credit China Holdings Limited ("**Credit China**") *(Note 5)*	Interest of controlled corporation	–	310,650,884	310,650,884	9.09%
Ever Step Holdings Limited ("**Ever Step**") *(Note 5)*	Beneficial owner	–	310,650,884	310,650,884	9.09%
SO Chi Yuk	Beneficial owner	200,000,000	–	200,000,000	5.85%

DIRECTORS' REPORT

Notes:

1. As at 31 March 2015, Jadehero beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited which is wholly-owned by Mr. Wong and as to 80% by Southlead Limited which is wholly-owned by Mr. Xia. Each of Mr. Wong and Mr. Xia is a Director.

2. As at 31 March 2015, MIL beneficially held 500,000,000 Shares. MIL is wholly-owned by China Cinda (HK) which is turn wholly-owned by Well Kent. Well Kent is wholly-owned by China Cinda Asset. For the purpose of SFO, China Cinda (HK), Well Kent and China Cinda Asset are deemed or taken to be interested in the Shares held by MIL.

3. As at 31 March 2015, One Express was the subscriber of the 5% coupon convertible loan note issued by the Company in the aggregate principal of HK$32,000,000 due 29 February 2016 with an initial conversion price of HK$0.1 per conversion Share (subject to adjustment) which can be converted into 320,000,000 conversion Shares upon full conversion at the initial conversion price. One Express is wholly-owned by CR Investment which in turn is wholly-owned by PME Group. For the purpose of SFO, One Express, CR Investment and PME Group are deemed or taken to be interested in the said 320,000,000 conversion Shares.

4. As at 31 March 2015, Right Magic, Sure Venture Investment Limited, Excel Return Enterprise Limited and Fameway Finance Limited beneficially held 263,738,000 Shares, 2,000,000 Shares, 7,000,000 Shares and 140,000,000 Shares respectively. Right Magic, Sure Venture Investment Limited, Excel Return Enterprises Limited and Fameway Finance Limited are all indirect wholly-owned subsidiaries of Chinese Strategic. For the purpose of SFO, Chinese Strategic is deemed or taken to be interested in the Shares held by Right Magic, Sure Venture Investment Limited, Excel Return Enterprises Limited and Fameway Finance Limited.

5. As at 31 March 2015, Ever Step was the subscriber of the 12% coupon convertible notes issued by the Company in the aggregate principal of HK$40,384,615 due 24 February 2016 with an initial conversion price of HK$0.13 per conversion Share (subject to adjustment) which can be converted into 310,650,884 conversion Shares upon full conversion at the initial conversion price. Ever Step is a direct wholly-owned subsidiary of Credit China.

Save as disclosed above, and as at 31 March 2015, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CONNECTED TRANSACTIONS

The related party transactions are set out in note 39 to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and/or administration of the whole or any substantial part of the business of the Company was entered into or existed during the reporting year.

DIRECTORS' REPORT

SUFFICIENCY OF PUBLIC FLOAT

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, turnover attributable to the 5 largest customers of the Group accounted for less than 30% of the Group's total turnover for the year ended 31 March 2015.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefit scheme of the Group and the employer's retirement benefit costs charged to the profit or loss for the year are set out in note 40 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE REPORT

The Company's corporate governance codes are set out in the Corporate Governance Report on pages 25 to 40 of this annual report.

EVENT AFTER THE REPORTING PERIOD

There are no post balance sheet events after the reporting period.

DIRECTORS' REPORT

REVIEW OF FINANCIAL INFORMATION

The Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. CHAN Kin Sang and Mr. TAM B Ray Billy.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Company for the year ended 31 March 2015.

AUDITOR

The financial statements for the year ended 31 March 2015 have been audited by SHINEWING (HK) CPA Limited. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

NG Cheuk Fan Keith
Managing Director

Hong Kong, 26 June 2015

CORPORATE GOVERNANCE REPORT

The Company's commitment to the highest standards of corporate governance is driven by the Board of Directors who, led by the chairman, assume overall responsibility for the governance of the Company, taking into account the interests of the Shareholders, the development of its business, and the changing external environment.

The Company believes that good corporate governance is fundamental in ensuring that the Company is well managed in the interests of all of its Shareholders.

The Company has adopted the Code Provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year ended 31 March 2015

The Company has complied with all code provisions and, where appropriate, met the recommended best practices in the CG Code, save as disclosed below. This report describes the Company's corporate governance practice and explains its application.

Mr. LAM Ka Wai Graham ("**Mr. Lam**"), who was an independent non-executive Director of the Company, resigned from the Board with effect from 11 April 2014 due to his other business commitments. Upon Mr. Lam's resignation, he also ceased to be the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company with effect from 11 April 2014.

Following the resignation of Mr. Lam, the Company had not comply with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules during the period from 11 April 2014 to 8 July 2014 where was explained below:-

(i) the number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules;

(ii) the number of members of the Audit Committee falls below the minimum number required under Rule 3.21 of the Listing Rules; and

(iii) there is a vacancy for chairman of the Remuneration Committee which does not fulfil the requirement under Rule 3.25 of the Listing Rules.

In order to comply with the requirement under Rule 3.25 of the Listing Rules, on 20 June 2014, Mr. TAM B Ray Billy, the independent non-executive Director has been appointed as chairman of the Remuneration Committee. For the details of the appointment, please refer to the announcement of the Company dated 20 June 2014.

On 9 July 2014, Mr. CHAN Kin Sang ("**Mr. Chan**") was appointed as an independent non-executive Director and a member of the Audit Committee. Following the appointment of Mr. Chan as an independent non-executive Director and a member of the Audit Committee, the Company has fulfilled the requirements of minimum number of independent non-executive Directors and Audit Committee members under Rules 3.10(1), 3.10(A) and 3.21 of the Listing Rules. For the details of the appointment, please refer to the announcement of the Company dated 9 July 2014.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transaction. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2015.

BOARD OF DIRECTORS

Composition of the Board, number of Board meetings, Board Committees meetings, Annual General Meeting and Directors' attendance

The Board has a balance of skills and experience and a balanced composition of executive, non-executive and independent non-executive Directors.

Board Composition

As at 31 March 2015 the composition of the Board of the Company was as follows:

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. WONG Kam Fat Tony *(Chairman)*	Mr. WU Ling	Mr. CHAN Kin Sang
Mr. NG Cheuk Fan Keith *(Managing Director)*		Mr. NG Kay Kwok
Mr. HON Chun Yu		Mr. TAM B Ray Billy
Mr. XIA Yingyan		

During the year, there have been a number of changes in the Board as set out below:

– Mr. LAM Ka Wai Graham resigned as an independent non-executive Director with effect from 11 April 2014 due to his other business commitments.

– Mr. ZHANG Min resigned as an executive Director and the chairman of the Board with effect from 1 July 2014 due to his other personal commitment.

– Mr. WONG Kam Fat Tony was re-designated from a non-executive Director to an executive Director and from the vice-chairman to the chairman of the Board with effect from 1 July 2014.

– Mr. CHAN Kin Sang was appointed as an independent non-executive Director with effect from 9 July 2014.

Save as disclosed above, throughout the year, the Board is comprised of eight members, including four executive Directors, one non-executive Director and three independent non-executive Directors. Six Board meetings were held during the financial year ended 31 March 2015.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Company has had a longstanding policy of diversity in board appointments as reflected in the current composition of the Board which is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

The Board formally adopted a Board Diversity Policy ("**Policy**") in August 2013 which seeks to record, more formally, the Company's policy on board diversity and to recognise the terms of the relevant new code provision of the CG Code which came into effect on 1 September 2013.

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. In designing the Board's composition, Board diversity has been considered from a number of factors, including but not limited to gender, age, regional, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. Board appointments will continue to be made on a merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The measurable objectives of this Policy are:

(a) Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, regional, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and

(b) The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee will from time to time review this Policy, as appropriate, to ensure its continued effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee will monitor the implementation of this Policy and will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives.

The Nomination Committee believes that the approach of review of the Policy may take the form of an analysis of the Board in the different aspects of diversity as set out above having regard to the sustainable development of the Company, supplemented with Shareholders' feedback on the diversity of the Board and its overall effectiveness in promoting Shareholders' interests.

CORPORATE GOVERNANCE REPORT

The composition of the Board, Board meetings, Board Committees meetings, Annual General Meeting and attendance of the Directors are set out below:

Directors	Board Meetings *(Note 1)*	Remuneration Committee Meetings	Audit Committee Meetings	Nomination Committee Meetings	Annual General Meeting Held on 25 August 2014
Executive Directors					
ZHANG Min *(Note 2) (Chairman)* (resigned all his offices in the Company on 1 July 2014)	1/6	1/2	N/A	N/A	0/1
WONG Kam Fat Tony *(Note 3) (Chairman)* (Re-designated as an executive Director and was appointed as chairman of the Board on 1 July 2014)	6/6	1/2	N/A	N/A	1/1
NG Cheuk Fan Keith *(Managing Director)*	5/5	N/A	N/A	1/1	1/1
HON Chun Yu	5/5	N/A	N/A	N/A	1/1
XIA Yingyan	5/5	N/A	N/A	N/A	1/1
Non-executive Director					
WU Ling	6/6	N/A	N/A	N/A	1/1
Independent non-executive Directors					
LAM Ka Wai Graham *(Note 4)* (Resigned all his offices in the Company on 11 April 2014)	0/6	0/2	0/2	0/1	0/1
CHAN Kin Sang *(Note 5)* (Appointed as an independent non-executive Director on 11 July 2014)	5/6	N/A	1/2	N/A	1/1
NG Kay Kwok *(Note 6)*	6/6	2/2	2/2	1/1	1/1
TAM B Ray Billy *(Note 7)*	6/6	2/2	2/2	1/1	1/1

Notes:

1 Included a Board meeting where the chairman met independent and other non-executive Directors without the executive Directors present.

2. Mr. ZHANG Min ("**Mr. Zhang**") resigned all his office in the Company on 1 July 2014. He was an executive Director, the chairman of the Board and a member of the Remuneration Committee.

3. Mr. WONG Kam Fat Tony, was re-designated from a non-executive Director to an executive Director and from the vice-chairman to the chairman of the Board, and was appointed as a member of the Remuneration Committee in place of Mr. Zhang on 1 July 2014.

4. Mr. LAM Ka Wai Graham resigned all his offices in the Company on 11 April 2014. He was an independent non-executive Director and the chairman of the Remuneration Committee.

5. Mr. CHAN Kin Sang was appointed as an independent non-executive Director and a member of the Audit Committee on 11 July 2014.

6 Mr. NG Kay Kwok is the chairman of the Audit Committee.

7. Mr. TAM B Ray Billy is the chairman of the Nomination Committee. He is also the chairman of the Remuneration Committee appointed on 20 June 2014.

CORPORATE GOVERNANCE REPORT

The biographical details of all Directors are set out in the section headed "**Biographical Details of Directors**" of this annual report. Save as disclosed in the aforesaid, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Save as disclosed in the aforesaid, throughout the year ended 31 March 2015 to comply with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors whom the Company considers to have appropriate professional qualifications or accounting or related financial management experience and qualifications to carry out their duties. The Company has received from each of the independent non-executive Director an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

Operation of the Board

The Board is circulated with relevant information pertaining to matters to be brought before the Board for decision. A 14 days minimum notice is also given to the Directors before each Board meeting. Board papers are dispatched to the Directors at least 3 days before the meeting.

The Directors who are considered to be in a position of having a conflict of interest or material interests in the proposed transactions or issues to be discussed are not counted in the quorum of meeting and are to abstain from voting on the relevant resolutions. He has to declare his interests therein in accordance with the Articles of Association of the Company.

The Company Secretary maintains the minutes of the Board meetings for inspection by Directors.

All Directors have accessed to the services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. Any Director, Audit Committee member, Nomination Committee member and Remuneration Committee member of the Company may take independent professional advice at the expense of the Company should they so wish.

There is a clear division of responsibilities between the Board and the management of the Company (the "**Management**"). Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the Management. Important matters including but not limited to those affecting the Group's strategic policies, major acquisitions and disposals, annual budgets, approving annual and interim results, and other significant operational and financial matters.

The non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Group. The independent non-executive Directors review the financial information and operational performance of the Group on a regular basis. The independent non-executive Directors are invited to serve on the Board Committees of the Company.

Every Director has hands-on knowledge and expertise in the areas and operation in which he is charged with. Appropriate attention to the affairs of the Group is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his necessary knowledge and expertise.

CORPORATE GOVERNANCE REPORT

Directors' commitments

Each Director discloses to the Company at the time of his appointment, the number and nature of offices held in public companies or organisations and other significant commitments with the identity of the public companies or organisations and an indication of relevant time commitment. Directors are also reminded to notify the Company Secretary in a timely manner and bi-annually confirm to the Company Secretary any change of such information. In respect of those Directors who stand for re-election at the forthcoming annual general meeting, all of their directorships held in listed public companies in the past three years are set out in the notice of the annual general meeting.

The Company has adopted the Model Code under the Listing Rules, for all employees of the Group regarding dealings in securities issued by the Group and its associated companies.

The Company has established a policy on handling of confidential and inside information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished inside information in relation to the Group. A revised policy on handling of confidential information, inside information, information disclosure, and securities dealing has been adopted by the Company to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance effective from 1 January 2013.

Director induction and continuous professional development

Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Group.

Information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors published by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors (the "**HKIOD**"), and Guideline for Independent Non-Executive Directors published by HKIOD have also been forwarded to each Director for his information and ready reference.

In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.

During the year under review, the Directors had provided to the Company their records of continuous professional development and the training records were maintained by the Company Secretary.

During the reporting year, Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.

CORPORATE GOVERNANCE REPORT

The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) Reading memoranda issued or materials provided from time to time by the Group to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;

(2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by professional bodies and/or government authorities; and

(3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the records of training maintained by the Company Secretary, during the year under review, all the Directors pursued continuous professional development and relevant details are set out below:

Members of the Board	Training received
Executive Directors	
WONG Kam Fat Tony	(1) & (3)
NG Cheuk Fan Keith	(1), (2) & (3)
HON Chun Yu	(1) & (3)
XIA Yingyan	(1) & (3)
Non-executive Director	
WU Ling	(1) & (3)
Independent non-executive Directors	
CHAN Kin Sang	(1) (2) & (3)
NG Kay Kwok	(1) & (3)
TAM B Ray Billy	(1), (2) & (3)

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Mr. ZHANG Min ("**Mr. Zhang**") was re-designated as an executive Director and was appointed as the chairman of the Company on 12 April 2011. On 1 July 2014, he resigned as an executive Director and the chairman of the Company.

Mr. WONG Kam Fat Tony was appointed as a non-executive Director and the chairman in September 2009. On 12 April 2011, he resigned as the chairman and was appointed as the vice-chairman of the Company. On 1 July 2014, he was further re-designated from a non-executive Director to an executive Director and from the vice-chairman to the chairman of the Company in place of Mr. Zhang.

Mr. NG Cheuk Fan Keith was appointed as the managing Director of the Company in December 2007. The Company does not have a designated position of "**Chief Executive**". The daily operation and management of the Company is monitored by the executive Directors. The Board is of the view that the managing Director fulfilled the same function as Chief Executive.

The key role of the chairman is to provide leadership to the Board. In performing his duties, the chairman shall ensure that the Board functions effectively in the discharge of its responsibilities. The chairman also has the responsibility of taking the lead to ensure that the Board acts in the best interests of the Company and the Group.

The duty of managing Director is to work closely with the Audit Committee, the Nomination Committee as well as the Remuneration Committee of the Company and to ensure that all key and appropriate issues are discussed by the Board in a timely and constructive manner. He is responsible for general management of the Group. In addition, he is responsible to work closely with other executive Directors to ensure management strategies, plans and performance of the Group are appropriately represented to the Board and to provide guidance to the Board on major issues. The division of responsibilities between the chairman and the Chief Executive (managing Director) has been clearly established and set out in writing.

NON-EXECUTIVE DIRECTORS

During the year under review, each of the non-executive Director and independent non-executive Directors has entered into letter of appointment with the Company for a term of one year and all are subject to retirement by rotation pursuant to the Articles of Association of the Company.

BOARD COMMITTEES

During the year, there have been a number of changes in the Board Committees as set out below:

– Mr. LAM Ka Wai Graham ceased to be the chairman of the Remuneration Committee and a member of the Audit Committee with effect from 11 April 2014 following his resignation as an independent non-executive Director.

CORPORATE GOVERNANCE REPORT

– Mr. TAM B Ray Billy, was appointed as the chairman of the Remuneration Committee with effect from 20 June 2014.

– Mr. ZHANG Min ceased to be a member of the Remuneration Committee with effect from 1 July 2014 following his resignation as an executive Director and the chairman of the Board.

– Mr. WONG Kam Fat Tony was appointed as a member of the Remuneration Committee with effect from 1 July 2014.

– Mr. CHAN Kin Sang was appointed as a member of the Audit Committee with effect from 9 July 2014.

The terms of reference of all Board Committees are disclosed in full on both the websites of the Company and the Stock Exchange.

Remuneration of Directors

The Remuneration Committee was established in October 2005. The Remuneration Committee currently comprises two independent non-executive Directors, namely Mr. NG Kay Kwok and Mr. TAM B Ray Billy (chairman of the Remuneration Committee, appointed on 20 June 2014), and one executive Director, namely Mr. WONG Kam Fat Tony (chairman of the Company, appointed on 1 July 2014). The terms of reference of the Remuneration Committee was revised with effect from 29 February 2012 and are aligned with the provision set out in the CG Code. The main duties of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;

CORPORATE GOVERNANCE REPORT

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year under review, the Remuneration Committee held two meetings and significant matters discussed are summarized as follows:

– to review the remuneration package of all Directors and senior management; and

– to recommend the remuneration package of the newly appointed Directors to the Board for approval.

Nomination of Directors

The Nomination Committee was established in December 2007. The Nomination Committee currently comprises two independent non-executive Directors, namely Mr. TAM B Ray Billy (chairman of the Nomination Committee), and Mr. NG Kay Kwok, and one executive Director, namely Mr. NG Cheuk Fan Keith, (managing Director of the Company). It adopts the recommended terms of reference set out in the CG Code and was revised with effect from 29 February 2012. The main duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors, in particular the chairman and the chief executive.

The Nomination Committee identifies and nominates qualified individual to the Board for consideration. All newly appointed Directors are subject to re-election by the Shareholders at the annual general meeting (the "**AGM**") or at the next following general meeting of the Company immediately following his or her appointment pursuant to the Articles of Association. In considering the new appointment or re-nomination of Directors, the Nomination Committee will focus their decisions based on attributes such as integrity, industry experience and professional and technical skills together with the ability to contribute time and afford to carry out their duties effectively and responsibly.

During the year under review, the Nomination Committee held one meeting and has duly discharged the duties mentioned above.

CORPORATE GOVERNANCE REPORT

Audit Committee

The Audit Committee was established in April 2001 and currently comprises three independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. CHAN Kin Sang (appointed on 9 July 2014) and Mr. TAM B Ray Billy. The terms of reference of the Audit Committee was revised with effect from 29 February 2012 and are aligned with the provision set out in the CG Code. The main duties of the Audit Committee include:

Relationship with the Company's auditors

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(d) to develop and implement policy on engaging of an external auditor to supply non-audit services. For this purpose, "**external auditor**" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

(e) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

(f) in reviewing these reports mentioned in paragraph (e) before submission to the Board, focusing particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

CORPORATE GOVERNANCE REPORT

(g) regarding (e) and (f) above:

(i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

(ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

(h) to review the Company's financial controls, internal control and risk management systems;

(i) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(p) to act as the key representative body for overseeing the Company's relations with the external auditor;

(q) to report to the Board on the matters set out above; and

(r) to consider other matters, as defined or assigned by the Board from time to time.

CORPORATE GOVERNANCE REPORT

During the year under review, the Audit Committee held two meetings to consider and approve the following:

(a) to review of the half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Audit Committee;

(b) to discuss the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;

(c) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and

(d) to discuss the whistleblowing policy throughout the Group.

Corporate Governance functions

The Board is responsible for determining the policy for the corporate governance of the Company. During the year under review, the Board developed and reviewed the Company's policies and practices on corporate governance and made recommendations.

AUDITOR'S REMUNERATION

The Group's independent auditor is SHINEWING (HK) CPA Limited ("**SHINEWING**"). The Audit Committee is responsible for considering the appointment of the auditor and also reviews any non-audit functions performed by the auditor for the Group. In particular, the Audit Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest. For the year ended 31 March 2015, the auditor's remuneration paid or payable in respect of the audit and other non-audit services provided to the Group by SHINEWING were as follows:

	HK$
Audit services	800,000
Non-audit services	
– other professional services	Nil

Auditor's responsibilities for financial statements

The reporting responsibilities of the SHINEWING to the Shareholders are set out in the Independent Auditors' Report on pages 41 and 42.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for the financial year ended 31 March 2015 which give a true and fair view of the affairs of the Group and of the Group's results and cash flow and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2015, the Directors have selected appropriate accounting policies and applied them consistently; made prudent and reasonable judgments and estimates; and have prepared the financial statements on a going concern basis.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary. On 14 April 2014, Mr. CAI Chun Fai has resigned as the Company Secretary and has ceased to act as an Authorised Representative of the Company, and Ms. HAU Po Ping ("**Ms. Hau**"), who is an employee of the Group, has been appointed as the Company Secretary and an Authorised Representative of the Company with effect from 14 April 2014. The Company Secretary reports to the chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and Management. During the period under review, Ms. Hau undertook over 15 hours of professional training to update her skills and knowledge.

SHAREHOLDERS' RIGHTS

The Board gives high priority to balanced, clear, and transparent communications which allow Shareholders and investors to understand the Group's prospects and the market environment in which it operates. The Company engages with Shareholders and investors in a number of different ways to help ensure that their views and concerns are understood and addressed in a constructive way.

In March 2012, the Board has established a Shareholders communication policy and a Shareholders' guide are in place to ensure that Shareholders are provided with ready, equal, and timely access to balanced and understandable information about the Group. The policy is regularly reviewed to ensure its effectiveness and is posted on the Group's website.

The Group's website has become the primary method of communication with the majority of Shareholders. The investor relations section of the website is kept under regular review to ensure that information relevant to Shareholders is provided in an accurate and timely manner.

The particulars of Shareholders' rights relating to, inter alia, putting forward proposals at Shareholders' meetings, convening of extraordinary general meetings and making enquiries to the Group are as follows:–

CORPORATE GOVERNANCE REPORT

Proposing a candidate for election as a Director at the general meetings of the Company

Pursuant to Article 120 of the Company's Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the registration office. The minimum length of the period during which such notices are given shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

To include a resolution relating to other matters in a general meeting, Shareholders are requested to follow the requirements and procedures as set out in the investor relations section of the Company's website.

Convening of extraordinary general meeting of the Company

Pursuant to Article 72 of the Company's Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Enquiries to the Board

The Board is grateful to Shareholders and other stakeholders for their views, and welcomes their questions and concerns raised in relation to the management and governance of the Group.

CORPORATE GOVERNANCE REPORT

Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to the Company, 35/F., Office Tower, Convention Plaza, Wanchai, Hong Kong or by email to info@290.com.hk

INTERNAL CONTROLS

The Board acknowledges its responsibilities for the Group's internal control system and has reviewed regularly its effectiveness to ensure that all internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices. The Company had complied satisfactorily with the requirements of the CG Code in respect of the internal controls.

INVESTOR RELATIONS

Constitutional Documents

The Company's Memorandum and Articles of Association (in both English and Chinese) is available on both the websites of the Company and the Stock Exchange. During the year under review, there is no change to the Company's Memorandum and Articles of Association.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company continues to pursue a proactive policy of promoting investor relations and communication by maintaining regular meetings with institutional Shareholders, fund managers and analysts through different means including meetings, presentations and correspondence. In an effort to enhance communications with the Shareholders and investors, the Company maintains a website (www.290.com.hk) to disseminate information relating to the latest business developments and all corporate announcements.

The AGM is a valuable forum for the Board to communicate directly with the Shareholders. An AGM circular was distributed to all Shareholders at least 20 clear business days prior to the AGM held on 25 August 2014 (the "**2014 AGM**"), setting out the details of each proposed resolution and other relevant information. Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. Shareholders have the opportunity to participate effectively and vote in general meetings and are informed of the rules, including voting procedures, that govern general meeting.

The 2014 AGM of the Company was held in the 35/F., Office Tower, Convention Plaza, Wanchai, Hong Kong. The chairman of the Board and the chairmen of Board Committees, accompanied by other Directors, attended the 2014 AGM. Please refer to the table set out on page 28 for the details of attendance of the Directors in the 2014 AGM. The external auditors of the Company, SHINEWING, attended the 2014 AGM, during which was available to answer questions raised by the Shareholders.

INDEPENDENT AUDITOR'S REPORT

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

TO THE MEMBERS OF CHINA FORTUNE FINANCIAL GROUP LIMITED
中國富強金融集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Fortune Financial Group Limited (the "**Company**") and its subsidiaries set out on pages 43 to 137, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224

Hong Kong
26 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	NOTE	2015 HK$'000	2014 HK$'000
Turnover	7	**45,083**	51,140
Cost of securities brokerage and margin financing		**(4,973)**	(4,276)
Other revenue	9	**6,928**	2,590
Depreciation		**(2,224)**	(5,905)
Salaries and allowances		**(38,185)**	(45,016)
Reversal of impairment loss recognised in respect of trade receivables	25	**3,802**	39,550
Change in fair value of derivative component of convertible loan notes	33	**(2,712)**	(3,462)
Gain on disposal of a subsidiary	37	**–**	347
Impairment loss recognised in respect of trade receivables	25	**(22,272)**	(4,653)
Impairment loss recognised in respect of interests in joint ventures		**–**	(7,044)
Impairment loss recognised in respect of amount due from a joint venture		**(73,386)**	–
Other operating and administrative expenses		**(39,202)**	(36,889)
Impairment loss recognised in respect of loan receivables	26	**(10,988)**	–
Share of profits of associates		**840**	11,488
Share of (losses) profits of joint ventures		**(2,830)**	289
Finance costs	10	**(16,617)**	(13,750)
Loss before tax	11	**(156,736)**	(15,591)
Income tax expense	12	**(431)**	(32)
Loss for the year		**(157,167)**	(15,623)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**255**	19
Share of other comprehensive income of associates		**90**	676
Share of other comprehensive income of joint ventures		**141**	–
Other comprehensive income for the year		**486**	695

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	NOTE	2015 HK$'000	2014 HK$'000
Total comprehensive expense for the year		**(156,681)**	(14,928)
Loss for the year attributable to:			
Owners of the Company		**(156,732)**	(15,254)
Non-controlling interests		**(435)**	(369)
		(157,167)	(15,623)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(156,247)**	(14,563)
Non-controlling interests		**(434)**	(365)
		(156,681)	(14,928)

	NOTE	HK cents	HK cents
Loss per share	15		
Basic and diluted		**(4.58)**	(0.46)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Plant and equipment	16	**3,026**	3,604
Intangible assets	17	**–**	–
Club membership debentures	18	**6,610**	6,610
Other non-current assets	19	**230**	230
Goodwill	20	**3,994**	3,994
Available-for-sale financial assets	21	**–**	–
Interests in associates	22	**88,476**	85,048
Interests in joint ventures	23	**1,355**	2,919
		103,691	102,405
Current assets			
Amount due from a joint venture	23	**–**	73,000
Investments held for trading	24	**20,944**	22,464
Trade receivables	25	**136,613**	119,447
Loan receivables	26	**17,064**	33,476
Factoring receivables	27	**3,409**	–
Amount due from an investee company	28	**–**	–
Other receivables, deposits and prepayments	29	**7,611**	6,848
Derivative component of convertible loan notes	33	**1,419**	3,359
Amount due from a non-controlling shareholder of a subsidiary	30	**125**	125
Bank balances and cash – trust	31	**107,632**	119,354
Bank balances and cash – general	31	**79,435**	87,011
		374,252	465,084
Current liabilities			
Trade payables, other payables and accruals	32	**143,470**	140,195
Convertible loan notes	33	**70,641**	41,242
Corporate bonds	35	**10,772**	–
Tax payable		**720**	720
		225,603	182,157
Net current assets		**148,649**	282,927

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
Total assets less current liabilities		**252,340**	385,332
Capital and reserves			
Share capital	34	**341,839**	341,839
Reserves		**(187,211)**	(32,186)
Equity attributable to owners of the Company		**154,628**	309,653
Non-controlling interests		**(781)**	(361)
Total equity		**153,847**	309,292
Non-current liabilities			
Corporate bonds	35	**98,493**	47,766
Convertible loan notes	33	**–**	28,274
		98,493	76,040
		252,340	385,332

The consolidated financial statements on pages 43 to 137 were approved and authorised for issue by the Board on 26 June 2015 and are signed on its behalf by:

WONG Kam Fat Tony | **NG Cheuk Fan Keith**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible loan notes equity reserve HK$'000 (Note d)	Special reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	316,609	431,725	415	17,104	13,524	1,863	(2,315)	(479,939)	298,986	4	298,990
Loss for the year	–	–	–	–	–	–	–	(15,254)	(15,254)	(369)	(15,623)
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	–	–	15	–	–	–	–	–	15	4	19
Share of other comprehensive income of associates	–	–	676	–	–	–	–	–	676	–	676
Total comprehensive income (expense) for the year	–	–	691	–	–	–	–	(15,254)	(14,563)	(365)	(14,928)
Issue of shares upon placing	25,230	–	–	–	–	–	–	–	25,230	–	25,230
At 31 March 2014	341,839	431,725	1,106	17,104	13,524	1,863	(2,315)	(495,193)	309,653	(361)	309,292

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible loan notes equity reserve HK$'000 (Note d)	Special reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	341,839	431,725	1,106	17,104	13,524	1,863	(2,315)	(495,193)	309,653	(361)	309,292
Loss for the year	-	-	-	-	-	-	-	(156,732)	(156,732)	(435)	(157,167)
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	-	-	254	-	-	-	-	-	254	1	255
Share of other comprehensive income of associates	-	-	90	-	-	-	-	-	90	-	90
Share of other comprehensive income of joint ventures	-	-	141	-	-	-	-	-	141	-	141
Total comprehensive income (expense) for the year	-	-	485	-	-	-	-	(156,732)	(156,247)	(434)	(156,681)
Issue of convertible loan notes	-	-	-	1,222	-	-	-	-	1,222	-	1,222
Eliminated upon deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	14	14
Lapse of conversion option of convertible loan notes (note 33)	-	-	-	(7,086)	-	-	-	7,086	-	-	-
At 31 March 2015	341,839	431,725	1,591	11,240	13,524	1,863	(2,315)	(644,839)	154,628	(781)	153,847

Notes:

(a) The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation of the Group.

(b) The capital reserve represents the contributions made by the controlling shareholder under the corporate reorganisation of the Group.

(c)(i) The other reserves represents premium arisen from the acquisition of additional 20% equity interest in Fortune Financial Capital Limited ("**Fortune Financial Capital**") from non-controlling interests at a cash consideration of HK$1,793,000 on 18 May 2012.

(c)(ii) The other reserves represents premium arisen from the acquisition of additional 25% equity interest in Fortune Wealth Management Limited ("**Fortune Wealth**") from non-controlling interests at a cash consideration of HK$1,125,000 on 10 January 2013.

(d) During the year ended 31 March 2015, conversion option of a convertible loan note approximately HK$7,086,000 was lapsed upon expiry of exercise period.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Loss for the year	**(157,167)**	(15,623)
Adjustments for:		
Income tax	**431**	32
Changes in fair value of derivative component of convertible loan notes	**2,712**	3,462
Finance costs	**16,617**	13,750
Dividend income	**(186)**	(251)
Net loss (gain) on trading of listed securities	**2,026**	(12,149)
Depreciation of plant and equipment	**2,224**	5,905
Impairment loss recognised in respect of trade receivables	**22,272**	4,653
Impairment loss recognised in respect of interests in joint ventures	**–**	7,044
Impairment loss recognised in respect of amount due from a joint venture	**73,386**	–
Gain on disposal of plant and equipment	**(375)**	(15)
Gain on disposal of a subsidiary	**–**	(347)
Reversal of impairment loss recognised in respect of trade receivables	**(3,802)**	(39,550)
Impairment loss recognised in respect of loan receivables	**10,988**	–
Share of profits of associates	**(840)**	(11,488)
Share of losses (profits) of joint ventures	**2,830**	(289)
Interest income from financial institutions	**(221)**	(121)
Loss on deregistration of subsidiaries	**14**	–
Impairment loss recognised in respect of available-for-sale financial assets	**–**	8
Operating cash flow before movements in working capital	**(29,091)**	(44,979)
(Increase) decrease in investments held for trading	**(506)**	12,527
Decrease (increase) in loan receivables	**5,424**	(4,028)
Increase in factoring receivables	**(3,409)**	–
(Increase) Decrease in trade receivables	**(35,636)**	67,689
Increase in other receivables, deposits and prepayments	**(763)**	(294)
Decrease (increase) in bank balances and cash – trust	**11,722**	(58,758)
Increase in trade payables, other payables and accruals	**3,275**	65,630
Dividend income received	**186**	251
Cash (used in) from operations	**(48,798)**	38,038
Income taxes paid	**(431)**	(32)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(49,229)**	38,006

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	NOTES	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(2,083)**	(202)
Net cash inflow in respect of the disposal of a subsidiary	37	**–**	1,132
Interest income from financial institutions received		**221**	121
Advanced to an independent third party		**–**	(780)
Proceeds on disposal of plant and equipment		**812**	190
Investment in an associate	22	**(2,500)**	(200)
Investment in a joint venture	23	**(1,125)**	(290)
Increase in amount due from a joint venture		**(386)**	–
Advance to joint ventures		**–**	(3,000)
NET CASH USED IN INVESTING ACTIVITIES		**(5,061)**	(3,029)
FINANCING ACTIVITIES			
Proceeds from issue of new shares		**–**	25,230
Proceeds from issue of corporate bonds		**67,500**	53,810
Expenses on issue of corporate bonds		**(9,900)**	(7,637)
Repayment of bank and other borrowings		**–**	(52,954)
Interest paid		**(11,143)**	(9,871)
NET CASH FROM FINANCING ACTIVITIES		**46,457**	8,578
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(7,833)**	43,555
Effect of foreign exchange rate changes		**257**	(79)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**87,011**	43,535
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash – general (note 31)		**79,435**	87,011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Stock Exchange.

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of this annual report.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

The principal activities of the Group are securities and insurance brokerage, margin financing, provision of corporate finance services and money lending services.

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

In the current year, the Group has applied the following new and revised HKFRSs, which includes HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**"), amendments and Interpretation ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Amendments to HKFRS 10, HKFRS 12 and HKAS27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Hong Kong (IFRS Interpretations Committee) ("**HK(IFRIC)**")-Int 21	Levies

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

Amendments to HKAS 32 - Offsetting Financial Assets and Financial Liabilities

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

The amendments have been applied retrospectively. The Group has certain financial assets and financial liabilities that qualify for offset and has therefore prepared the corresponding note to offset and disclose the amounts in the consolidated financial statements. As at 31 March 2015, trade payable of approximately HK$16,460,000 was offset against related trade receivable in the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Part 9 of Hong Kong Companies Ordinance (Cap. 622)

In addition, the annual report requirements of Part 9 "**Accounts and Audit**" of the Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year. As a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

HKFRS 9 (2014) Financial Instruments

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

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

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

HKFRS 9 (2014) Financial Instruments (Continued)

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

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

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

The Directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

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

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

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

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

Annual Improvements to HKFRSs 2010-2012 Cycle

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

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

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

Annual Improvements to HKFRSs 2011-2013 Cycle

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

Annual Improvement to HKFRSs 2012–2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

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

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

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

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

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

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

Amendments to HKAS 27 Equity Method in Separate Financial Statements

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

i) at cost;

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

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

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

The Directors of the Company anticipate that the application of HKAS 27 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of amendments to HKAS 27 until the Group performs a detailed review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

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

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

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

As the Group has entered into certain transactions with certain associates, the Directors of the Company anticipate that the application of HKFRS 10 and HKAS 28 may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of amendments to HKFRS 10 and HKAS 28 until the Group performs a detailed review.

Amendments to HKAS 1 Disclosure Initiative

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

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

Amendments to HKAS 1 Disclosure Initiative (Continued)

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

Furthermore, the amendments clarify that:

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of consideration given in exchange for goods and service.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or more advantageous) market between market participants at the measurement date under current market condition (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). Control is achieved when the Company has:

- power over the investee;
- exposure, or has rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and ceases when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiaries.

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

All intra–group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to accumulated losses as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Goodwill

Goodwill arising from a business combination is carried at cost less accumulated impairment losses, if any.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

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

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

The Group's policy for goodwill relating to an associate or a joint venture that included in the carrying amount of the investment is set out in "**investments in associates and joint ventures**" below.

Investments in associates and joint ventures

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

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

The Group's investments in associates and joint ventures are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates and joint ventures are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

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

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

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

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

When the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate or joint venture are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. The Group's share in the associate's or joint venture's gains or losses resulting from theses transactions is eliminated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services rendered in the normal course of business.

Commission income for brokerage business of securities and futures dealing are recognised on a trade date basis when the services are provided.

Insurance brokerage/commission income/consultancy service income/underwriting commission income/placing commission income/securities handling income/advisory and other corporate finance service income are recognised when the services are provided.

Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the reporting period.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and amount of income can be measured reliably. Interest income from a financial asset 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Commission income from factoring services is recognised when the relevant arrangement commences.

Leasing

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Borrowing costs

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

Retirement benefit costs

Payments to the stated-managed retirement benefits scheme and the Mandatory Provident Fund Scheme are recognised as an expense when the employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit or loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they related to items that are recognised in other comprehensive income or directly in equity , in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Plant and equipment

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

Depreciation is recognised so as to allocate the cost of items of plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Club membership debentures and other non-current assets

Club membership debentures represent unlisted membership debentures and other non-current assets represent the deposits paid to respective regulatory bodies in carrying out its principal activities. The club membership debentures and other non-current assets are stated at cost less subsequent accumulated impairment losses, if any.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (Continued)

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank – general and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("**FVTPL**"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Effective interest method *(Continued)*

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

– it has been acquired principally for the purpose of selling in the near term; or

– on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

– it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

– such designation eliminated or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

– the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

– it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated at FVTPL.

Financial assets at FVTPL are measured at fair value, with change in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in net gain on trading of listed securities in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner disclosed in note 6(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, factoring receivables, amount due from a joint venture/a non-controlling shareholder of a subsidiary/an investee company, other receivables and deposits, and bank balances and cash – trust and general) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL or loan and receivables.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment loss on financial assets below).

Impairment loss on financial assets

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

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

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment loss on financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at effective interest rate. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, loan receivables, factoring receivables and amount due from a joint venture/a non-controlling shareholder of a subsidiary, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables, loan receivables, factoring receivables and amount due from a joint venture/a non-controlling shareholder of a subsidiary are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets *(Continued)*

Impairment loss on financial assets *(Continued)*

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

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

Financial liabilities and equity instruments

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

The Group's financial liabilities are classified as other financial liabilities.

Other financial liabilities

Other financial liabilities (including trade payables, other payables, accruals and corporate bonds) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense and relevant direct costs over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expenses are recognised on an effective interest basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments *(Continued)*

Equity instruments

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

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated statement of financial position when, and only when, there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Convertible loan notes

Convertible loan notes contains liability, equity components and derivative

Convertible loan notes issued by the Company that contain the liability, conversion option and derivative (which is not closely related to the host liability component) are classified separately into respective items on initial recognition. 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 classified as an equity instrument. At the date of issue, both the liability and derivative components are measured at fair value. The difference between the gross proceeds of the issue of the convertible loan notes and the fair values assigned to the liability and derivative respectively, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Convertible loan notes *(Continued)*

Convertible loan notes contains liability, equity components and conversion derivative *(Continued)*

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Upon redemption of the convertible bonds, the redemption consideration will be allocated to the liability component and equity component using the same allocation basis as when the convertible bonds were originally issued.

Differences between the fair value and the carrying amount of the liability component will be recognised in the consolidated statement of profit or loss and other comprehensive income. The difference between the redemption consideration and the fair value of the equity component will be included in equity (convertible loan notes equity reserve) and released to accumulated losses.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability, equity and derivative components in proportion to the allocation of the gross proceeds. Transactions costs relating to the equity component are charged directly to equity. Transaction costs relating to conversion derivative are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible loan notes using the effective interest method.

Embedded derivatives

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group and not designated as at FVTPL are initially measured at their fair values less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequently to initial recognition, the Group measures the financial guarantee contract at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidation financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

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

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

Classification of joint arrangements

Measure Up International Limited ("**Measure Up**"), Shenzhen Qianhai Fortune Financial Service Company Limited* ("**Qianhai Fortune Financial**") and Shenzhen Qianhai Fortune Equity Investment Management Co., Ltd.* ("**Qianhai Fortune Equity**") are limited liability companies whose legal form confers separation between the parties to joint arrangement and the Company. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangements have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Measure Up, Qianhai Fortune Financial and Qianhai Fortune Equity are classified as joint ventures of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2015, the carrying amount of goodwill is approximately HK$3,994,000 (2014: HK$3,994,000). No impairment loss has been recognised as at 31 March 2015 and 2014. Details of the impairment testing on goodwill are set out in note 20.

Estimated impairment of trade receivables, loan receivables and factoring receivables

The policy for impairment loss in respect of trade and loan receivables of the Group is based on the evaluation of collectability, ageing analysis of accounts, the value of underlying collaterals and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of those client in default of settlement. If the financial conditions of debtors and their ability to make payment worsen, additional allowance may be required.

As at 31 March 2015, the carrying amount of trade receivables is approximately HK$136,613,000 (2014: HK$119,447,000), net of accumulated impairment losses of approximately HK$84,383,000 (2014: HK$66,884,000).

As at 31 March 2015, the carrying amount of loan receivables is approximately HK$17,064,000 (2014: HK$33,476,000), net of accumulated impairment loss approximately HK$10,988,000 (2014: nil).

As at 31 March 2015, the carrying amount of factoring receivables is approximately HK$3,409,000 (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Estimated impairment loss recognised in respect of other receivables and deposits

The policy for impairment loss in respect of other receivables and deposits of the Group are based on the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment losses may arise.

As at 31 March 2015, the carrying amount of other receivables and deposits is approximately HK$6,993,000 (2014: HK$6,371,000).

Estimated impairment loss recognised in respect of amount due from a joint venture

The policy for impairment loss in respect of amount due from a joint venture of the Group is based on the evaluation of collectability and the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the carrying amount of the amount due from a joint venture and the joint venture's net equities. If the amount of net equities is negative, a material impairment losses may arise.

As at 31 March 2015, the carrying amount of amount due from a joint venture is nil (2014: HK$73,000,000). An impairment loss of HK$73,386,000 has been recognised (2014: nil).

Useful lives and impairment assessment of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment are evaluated for possible impairment on a specific assets basis or in groups of similar assets, as applicable. For any instance where this evaluation process indicates impairment, the Directors of the Company require to evaluate the future cash flows generated by each asset or group of assets, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the written-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2015, the carrying amount of plant and equipment is approximately HK$3,026,000 (2014: HK$3,604,000) and no impairment loss has been recognised (2014: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

Impairment of intangible assets

At the end of the reporting period, the Group performs testing on whether there has been impairment of intangible assets in accordance with the accounting policy as stated in note 3. Impairment test requires an estimation of the value in use of CGUs to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. As at 31 March 2015 and 2014, the carrying amount of intangible assets is nil, net of accumulated impairment losses of approximately HK$22,261,000.

Impairment of interests in associates

The Group determines whether the interests in associates are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the associates in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2015, the carrying amount of interests in associates is approximately HK$88,476,000 (2014: HK$85,048,000) and no impairment loss has been recognised (2014: nil).

Impairment of interests in joint ventures

The Group determines whether the interests in joint ventures are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the joint ventures in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2015, the carrying amount of interests in joint ventures is approximately HK$1,355,000 (2014: HK$2,919,000), net of accumulated impairment losses of approximately HK$7,044,000 (2014: HK$7,044,000).

Impairment of club membership debentures

The Group determines the impairment loss if circumstances indicate the carrying value of an asset may not be recoverable. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. The Group considers information from current prices in the second-hand market in determining the fair value of such assets and uses assumptions that are mainly based on current market conditions. As at 31 March 2015, the carrying amount of club membership debentures is approximately HK$6,610,000 (2014: HK$6,610,000) and no impairment loss has been recognised (2014: nil).

Fair value of the derivative component of the convertible loan notes

The Directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instrument, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 31 March 2015, the carrying amount of derivative asset component of convertible loan notes is approximately HK$1,419,000 (2014: HK$3,359,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of convertible loan notes disclosed in note 33, corporate bonds disclosed in note 35, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure regularly. As part of this review, the Directors of the Company consider the cost of capital and the associated risks with each class of capital, and take appropriate actions to adjust the Group's capital structure.

For certain subsidiaries of the Group, they are regulated by SFC and are required to comply with certain minimum capital requirements according to the rules of SFC. Management monitors, on a daily basis, the subsidiaries' liquid capital to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules, the range of liquid capital is from HK$100,000 to HK$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

Another subsidiary of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK$100,000 at all times.

There is no non-compliance of the capital requirements imposed by the respective regulators during both years.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
– Loans and receivables (including cash and cash equivalents)	**351,271**	438,784
– Available-for-sale financial assets	**–**	–
– FVTPL		
• Financial assets held for trading	**20,944**	22,464
• Financial assets designated at FVTPL	**1,419**	3,359
Financial liabilities		
– At amortised cost	**323,376**	257,477

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale financial assets, investments held for trading, trade receivables, loan receivables, factoring receivables, amount due from a joint venture/a non-controlling shareholder of a subsidiary/an investee company, other receivables and deposits, bank balances and cash – trust and general, trade payables, other payables and accruals, convertible loan notes and corporate bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to foreign currency denominated other receivables, bank balances, other payables and accruals. The Group's exposure to currency risk is minimal. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arise.

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

	Assets		Liabilities	
	2015 **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000
RMB	**565**	1,130	**–**	–
USD	**4,693**	9,966	**–**	202

More than 98% (2014: 98%) and 100% (2014: 99%) of financial assets and financial liabilities, respectively, of the Group are denominated in HK$ and the remaining is denominated in RMB and USD as at 31 March 2015. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of the Directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates.

Since the effect of RMB against HKD is insignificant, thus no sensitivity analysis is presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan receivables, amount due from a joint venture, convertible loan notes and corporate bonds at fixed rates and such fixed rate assets and liabilities were disclosed in the respective notes. The Group is exposed to cash flow interest rate risk in relation to certain trade receivables, factoring receivables and bank balances and cash – general. It is the Group's policy to keep its assets and liabilities at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly relating to the fluctuation of Hong Kong prime rate ("**prime rate**") and Hong Kong Interbank Offered Rate ("**HIBOR**") (the prime rate and HIBOR arising from the Group's interest bearing financial instruments). The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments with variable interest rate in nature:

	2015 **HK$'000**	2014 HK$'000
Assets		
Trade receivables		
– cash and margin clients	**101,090**	106,966
Factoring receivables	**3,409**	–
Bank balances and cash – general	**79,435**	87,011

The sensitivity analysis below have been determined based on the exposure to variable interest rates at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 March 2015, if the interest rate of trade receivables from cash and margin clients and bank balances and cash-general had been 100 (2014: 100) basis point higher/lower, the Group's loss for the year would decrease/increase by approximately HK$1,536,000 (2014: HK$1,620,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% (2014: 5%) higher/lower, loss for the year ended 31 March 2015 would decrease/increase by approximately HK$874,000 (2014: HK$938,000) as a result of the changes in fair value of investments held for trading.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The maturity portfolio of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, the table include both interest and principal cash flow was as follows:

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2015						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	143,470	–	–	–	143,470	143,470
Corporate bonds	18,662	17,235	20,018	108,529	164,444	109,265
Convertible loan notes	78,235	–	–	–	78,235	70,641
Financial guarantee contracts	27,372	–	–	–	27,372	–
	267,739	17,235	20,018	108,529	413,521	323,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk *(Continued)*

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2014						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	140,195	–	–	–	140,195	140,195
Corporate bonds	3,717	14,300	8,880	48,330	75,227	47,766
Convertible loan notes	45,596	33,473	–	–	79,069	69,516
Financial guarantee contracts	12,317	–	–	–	12,317	–
	201,825	47,773	8,880	48,330	306,808	257,477

The financial guarantee contracts of approximately RMB21,700,000 (equivalent to approximately HK$27,372,000) (2014: HK$12,317,000) are the maximum amount of the Group could be required to settle under the arrangement for full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

Credit risk

As at 31 March 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 46.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade receivables, other receivables, factoring receivables and loan receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Regular review on the financial position of the joint venture is performed. The review focus on the financial background and current abilities to pay, and take into account information specific to the joint venture as well as pertaining to the environment in which the joint venture operates. An impairment of approximately HK$73,386,000 (2014: nil) was provided on an amount due from a joint venture during the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

***Credit risk** (Continued)*

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spreading across diverse industries.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2014: 100%) of the total trade receivables as at 31 March 2015.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

(c) Fair value measurements of financial instruments

Fair value measurement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance with the Group's accounting policy.

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

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

Financial assets	**Fair value as at 31 March 2015 HK$'000**	Fair value as at 31 March 2014 HK$'000	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Investments held for trading	**20,944**	22,464	Level 1	Quoted bid prices in active market
Derivative component of convertible loan notes	**1,419**	3,359	Level 2	Black-Scholes option pricing model based on the stock price, expected volatility, expected option period and risk free rate

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

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. TURNOVER

Turnover represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's turnover for the year is as follows:

	2015 **HK$'000**	2014 HK$'000
Dividend income	**186**	251
Income from securities brokerage business	**12,679**	9,760
Income from factoring business	**38**	–
Interest income from money lending business	**6,501**	4,852
Margin interest income from securities brokerage business	**16,285**	11,538
Net (loss) gain on trading of listed securities	**(2,026)**	12,149
Service income from corporate finance	**9,545**	9,982
Others	**1,875**	2,608
	45,083	51,140

8. SEGMENT INFORMATION

Information reported to the Board, being the designated decision maker, for the purpose of resources allocation and assessment of segment performance focus is on the type of services provided. No operating segments identified by the designated decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1) The broking and margin financing segment engages in securities and margin financing in Hong Kong.

2) The proprietary trading segment engages in proprietary trading of securities.

3) The corporate finance segment engages in the provision of corporate finance services in Hong Kong.

4) The money lending segment engages in the provision of money lending services in Hong Kong.

5) Others.

Other operations include consultancy service and insurance brokerage.

Information regarding the above segments is reported below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION (Continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Inter-segment elimination		Consolidated	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Turnover														
External turnover	**28,964**	21,298	**(1,840)**	12,400	**9,545**	9,982	**6,539**	4,852	**1,875**	2,608	**-**	-	**45,083**	51,140
Inter-segment turnover (note)	**-**	391	**-**	-	**300**	100	**-**	-	**3,332**	3,621	**(3,632)**	(4,112)	**-**	-
	28,964	21,689	**(1,840)**	12,400	**9,845**	10,082	**6,539**	4,852	**5,207**	6,229	**(3,632)**	(4,112)	**45,083**	51,140
Segment profit (loss)	**(1,829)**	33,152	**(2,246)**	11,796	**677**	685	**(3,905)**	(86)	**(6,101)**	(2,854)	**-**	-	**(13,404)**	42,693
Unallocated operating income													**706**	425
Unallocated operating expense													**(49,764)**	(46,609)
Change in fair value of derivative component of convertible loan notes													**(2,712)**	(3,462)
Gain on disposal of a subsidiary													**-**	347
Impairment loss recognised in respect of interests in joint ventures													**-**	(7,044)
Impairment loss recognised in respect of amount due from a joint venture													**(73,386)**	-
Share of profits of associates													**840**	11,488
Share of (losses) profits of joint ventures													**(2,830)**	289
Finance costs													**(16,617)**	(13,750)
Loss before tax													**(157,167)**	(15,623)

Note: Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) from each segment without allocation of central administration expenses, directors' salaries, change in fair value of derivative component of convertible loan notes, gain on disposal of a subsidiary, impairment loss recognised in respect of interests in joint ventures/amount due from a joint venture, share of (losses) profits of associates and joint ventures, finance costs, certain interest income from financial institutions, gain on disposal of plant and equipment and certain other operating income. This is the measure reported to the designated decision maker for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2015 HK$'000	2014 HK$'000
Segment assets		
Broking and margin financing	**242,360**	238,375
Proprietary trading	**20,944**	22,464
Corporate finance	**6,964**	5,237
Money lending	**20,473**	33,476
Others	**926**	791
Total segment assets	**291,667**	300,343
Unallocated	**186,276**	267,146
Consolidated assets	**477,943**	567,489
Segment liabilities		
Broking and margin financing	**139,863**	135,595
Corporate finance	**122**	228
Money lending	**785**	–
Others	**432**	1,062
Total segment liabilities	**141,202**	136,885
Unallocated	**182,894**	121,312
Consolidated liabilities	**324,096**	258,197

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment for general operations, club membership debentures, goodwill, interests in associates and joint ventures, amount due from a joint venture, certain other receivables, deposits and prepayments, amount due from a non-controlling shareholder of a subsidiary, derivative component of convertible loan notes, and bank balances and cash – general; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, liability component of convertible loan notes, corporate bonds and tax payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts included in the measure of segment profit (loss) or segment assets:														
Additions to non-current assets (note)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**5,708**	59,193	**5,708**	59,193
Depreciation	**318**	333	**-**	-	**4**	7	**-**	-	**-**	4	**1,902**	5,561	**2,224**	5,905
Reversal of impairment loss recognised in respect of trade receivables	**(3,802)**	(39,550)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(3,802)**	(39,550)
Written off of trade receivables	**971**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**971**	-
Impairment loss recognised in respect of trade receivables	**22,122**	4,653	**-**	-	**150**	-	**-**	-	**-**	-	**-**	-	**22,272**	4,653
Impairment loss recognised in respect of loan receivables	**-**	-	**-**	-	**-**	-	**10,988**	-	**-**	-	**-**	-	**10,988**	-
Gain on disposal of plant and equipment	**-**	(15)	**-**	-	**-**	-	**-**	-	**-**	-	**(375)**	-	**(375)**	(15)

Note: Non-current assets exclude financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Unallocated		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit (loss) or segment assets:														
Interests in associates	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**88,476**	85,048	**88,476**	85,048
Interests in joint ventures	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**1,355**	2,919	**1,355**	2,919
Interest income from financial institution	**(28)**	(33)	**-**	–	**-**	–	**-**	(3)	**-**	–	**(193)**	(85)	**(221)**	(121)
Impairment loss recognised in respect of available-for-sale financial assets	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	8	**-**	8
Impairment loss recognised in respect of interests in joint ventures	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	7,044	**-**	7,044
Impairment loss recognised in respect of amount due from a joint venture	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**73,386**	–	**73,386**	–
Change in fair value of derivative component of convertible loan notes	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**2,712**	3,462	**2,712**	3,462
Gain on disposal of a subsidiary	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**-**	(347)	**-**	(347)
Share of profits of associates	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**(840)**	(11,488)	**(840)**	(11,488)
Share of losses (profits) of joint ventures	**-**	–	**-**	–	**-**	–	**-**	–	**-**	–	**2,830**	(289)	**2,830**	(289)
Finance costs	**210**	1,040	**-**	–	**-**	–	**-**	–	**-**	–	**16,407**	12,710	**16,617**	13,750
Income tax expense	**431**	–	**-**	–	**-**	–	**-**	–	**-**	32	**-**	–	**431**	32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION (Continued)

Information about major customers

For the years ended 31 March 2015 and 2014, the Group did not have any customer contributed more than 10% of the Group's aggregate revenue.

Geographical information

The Group's operations are mainly located and carried out in Hong Kong. Accordingly, no geographical information has been presented.

9. OTHER REVENUE

	2015 HK$'000	2014 HK$'000
Handling charges	**5,093**	1,688
Interest income from financial institutions	**221**	121
Loan arrangement fee income	**300**	500
Management fee income	**580**	–
Gain on disposal of plant and equipment	**375**	15
Exchange gain	**17**	–
Sundry income	**342**	266
	6,928	2,590

10. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interest on bank and other borrowings	**981**	3,425
Effective interest on corporate bond interests (note 35)	**7,615**	1,593
Effective interest expenses on convertible loan notes (note 33)	**8,021**	8,732
	16,617	13,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. LOSS BEFORE TAX

Loss before tax after charging:

	2015 HK$'000	2014 HK$'000
Auditor's remuneration	**800**	800
Exchange loss	**–**	164
Total staff costs:		
– directors' remuneration (note 13)	**8,315**	13,039
– salaries and allowance	**28,918**	31,073
– retirement benefit scheme contributions (excluding directors)	**952**	904
	38,185	45,016
Impairment loss recognised in respect of available-for-sale financial assets	**–**	8
Impairment loss recognised in respect of loan receivables	**10,988**	–
Impairment loss recognised in respect of amount due from a joint venture	**73,386**	–
Operating lease in respect of rented premises	**17,073**	15,560

12. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
Hong Kong Profits tax		
Under-provision in respect of prior years	**431**	32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. INCOME TAX EXPENSE (Continued)

The tax charge for the years can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015 HK$'000	2014 HK$'000
Loss before tax	**(156,736)**	(15,591)
Tax at domestic income tax rate of 16.5% (2014: 16.5%)	**(25,861)**	(2,573)
Tax effect of expenses not deductible for tax purpose	**16,483**	5,380
Tax effect of income not taxable for tax purpose	**(803)**	(2,945)
Tax effect of share of profits of associates	**(139)**	(1,895)
Tax effect on share of losses (profits) of joint ventures	**467**	(48)
Under-provision in respect of prior years	**431**	32
Utilisation of tax losses not recognised in previous years	**(162)**	(5,569)
Tax effect of tax losses not recognised	**10,015**	7,650
Tax for the year	**431**	32

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to PRC EIT Law during both years.

At 31 March 2015, the Group had estimated unused tax losses of approximately HK$182,428,000 (2014: HK$138,044,000) available for offset against future profits. Tax losses may be carried forward indefinitely.

Certain tax losses of approximately HK$15,331,000 (2014:HK$Nil) attributable to certain subsidiaries were disallowed by the Inland Revenue Department in the current year.

Tax losses of approximately HK$12,624,000 (2014: HK$7,535,000) attributable to certain subsidiaries in the PRC had an expiry period of five years. The remaining tax losses of approximately HK$169,804,000 (2014: HK$130,509,000) do not expire under current tax legislation.

Under the New EIT Law of the PRC, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries, associates and joint ventures from 1 January 2008 onwards (the "**Post-2008 Earnings**"). As at 31 March 2015 and 2014, deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the Post-2008 Earnings. The Group did not have any material Post-2008 earnings as at 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The emoluments of each Director of the Company for the years ended 31 March 2015 and 2014 are as follows:

For the year ended 31 March 2015	Executive Directors										Non-executive Directors				Independent Non-executive Directors								Total	
	WONG Kam Fat Tony (note 4)		NG Cheuk Fan Keith		HON Chun Yu		XIA Yingyan		ZHANG Min (note 2)		WU Ling		WONG Kam Fat Tony (note 4)		CHAN Kin Sang (note 3)		NG Kay Kwok		TAM B Ray Billy		LAM Ka Wai Graham (note1)			
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HKD'000	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000	**HKD'000**	HKD'000
Emoluments paid or receivable in respect of a person's services as a Director, whether of the Company or its subsidiary undertaking																								
Fees	**90**	–	**120**	120	**120**	120	**120**	120	**20**	120	**400**	360	**90**	360	**157**	–	**216**	216	**216**	216	**216**	216	**1,765**	1,848
Other emoluments																								
Salaries and other benefits	**810**	–	**1,802**	1,714	**723**	719	**723**	719	**2,420**	7,979	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**6,478**	11,131
Contributions to retirement benefits schemes	**14**	–	**18**	15	**18**	15	**18**	15	**4**	15	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**72**	60
Total emoluments	**914**	–	**1,940**	1,849	**861**	854	**861**	854	**2,444**	8,114	**400**	360	**90**	360	**157**	–	**216**	216	**216**	216	**216**	216	**8,315**	13,039

Note 1: Resigned all his offices in the Company with effect from 11 April 2014.
Note 2: Resigned all his offices in the Company with effect from 1 July 2014.
Note 3: Appointed as an independent non-executive Director with effect from 9 July 2014.
Note 4: Re-designated from a non-executive Director to an executive Director with effect from 1 July 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

The Company did not appoint a chief executive during the years ended 31 March 2015 and 31 March 2014. NG Cheuk Fan Keith performed the duties of chief executive. Their emoluments disclosed above include those services rendered by NG Cheuk Fan Keith.

The emoluments of Directors were based on the Directors' duties, academic background, working experience and responsibilities in the company as well as the prevailing market conditions.

There was no arrangement under which Directors waived or agreed to waive any emoluments for the years ended 31 March 2015 and 2014. No emoluments have been paid to the Directors of the Company as inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2015 and 2014.

Certain of the comparative information of Directors' emoluments for the year ended 31 March 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2014: two) were Directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2014: three) highest paid individuals were as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and other benefits	**5,938**	5,380
Retirement benefits scheme contributions	**59**	45
	5,997	5,425

The emoluments of the three (2014: three) highest paid employees fall in the following bands:

	Number of individuals	
	2015	2014
Emoluments bands		
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	1
	3	3

During the two years ended 31 March 2015 and 2014, no emoluments were paid to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period (2014: nil).

15 LOSS PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Loss		
Loss for the purpose of basic loss per share	**(156,732)**	(15,254)

Number of shares	**2015** **'000**	2014 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,418,386**	3,334,056

Diluted loss per share was same as the basic loss per share for the years ended 31 March 2015 and 2014, as the effect of the conversion of the Company's outstanding convertible loan notes would result in a decrease in loss per share for the years ended 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2013	8,269	1,400	1,132	11,205	22,006
Additions	–	12	–	190	202
Disposals	–	–	–	(350)	(350)
At 31 March 2014 and 1 April 2014	8,269	1,412	1,132	11,045	21,858
Additions	–	–	109	1,974	2,083
Disposals	–	–	–	(2,278)	(2,278)
At 31 March 2015	8,269	1,412	1,241	10,741	21,663
ACCUMULATED DEPRECIATION					
At 1 April 2013	4,928	561	866	6,169	12,524
Provided for the year	3,128	361	142	2,274	5,905
Eliminated on disposals	–	–	–	(175)	(175)
At 31 March 2014 and 1 April 2014	8,056	922	1,008	8,268	18,254
Provided for the year	213	361	107	1,543	2,224
Eliminated on disposal	–	–	–	(1,841)	(1,841)
At 31 March 2015	8,269	1,283	1,115	7,970	18,637
CARRYING VALUES					
At 31 March 2015	–	129	126	2,771	3,026
At 31 March 2014	213	490	124	2,777	3,604

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the lease term
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. INTANGIBLE ASSETS

	License right HK$'000	Trading software HK$'000	Total HK$'000
COST			
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	2,261	20,000	22,261
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	2,261	20,000	22,261
CARRYING VALUES			
At 31 March 2014 and 2015	–	–	–

All the intangible assets were acquired from third parties.

The trading software has definite useful life. Such software is amortised on a straight-line basis over 5 years.

The license right represents the license for carrying out asset management business in Hong Kong. The license right has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life. The license right will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Impairment review on the intangible assets

The basis of the recoverable amounts of the intangible assets and its major underlying assumptions are summarised below:

License right

During the years ended 31 March 2015 and 2014, the Directors of the Company conducted a review of the Group's license right and determined that no benefits will be generated from the license right in the foreseeable future which resulted from the unstable financial market in these years. The asset management business is not yet to be commenced during both years ended 31 March 2015 and 2014 and the Directors of the Company expected that the business will not be started in the near future, therefore, the carrying amount of the license right was fully impaired in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. CLUB MEMBERSHIP DEBENTURES

	2015 HK$'000	2014 HK$'000
Unlisted club membership debentures	**6,610**	6,610

19. OTHER NON-CURRENT ASSETS

	2015 HK$'000	2014 HK$'000
At cost:		
Deposits paid to the Stock Exchange		
– Compensation fund deposits	**50**	50
– Fidelity fund deposits	**50**	50
– Stamp duty deposits	**30**	30
Deposits paid to Hong Kong Securities Clearing Company Limited		
– Guarantee fund contribution	**50**	50
– Admission fees	**50**	50
	230	230

20. GOODWILL

	HK$'000
Carrying value	
At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	3,994

Goodwill of approximately HK$3,994,000 was attributable to the acquisition of Fortune Financial Capital in previous years.

The carrying amount of goodwill is allocated to the corporate finance segment. No impairment loss has been recognised as at 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. GOODWILL (Continued)

Impairment testing on goodwill

Corporate finance segment

The recoverable amount of corporate finance operation is determined from value in use calculations using cash flow projections based on financial budget approved by the management covering 5-year period, and the discount rate applied to the cash flow projections is 13.27% (2014: 12.74%). Zero growth rate is applied to extrapolate the cash flows beyond five-year period during the years ended 31 March 2015 and 2014. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted net profit margin. This estimation is determined based on the unit's past performance and management's expectation for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of corporate finance operation to exceed the aggregate recoverable amount of corporate finance operation.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Unlisted equity securities, at cost	**508**	508
Less: impairment loss recognised	**(508)**	(508)
	–	–

The unlisted investment represents investment in unlisted equity securities issued by a private entity incorporated in Hong Kong. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of investments in unlisted associates	**72,804**	70,304
Share of post-acquisition profits and other comprehensive Income	**15,672**	14,744
	88,476	85,048

On 7 July 2012, Main Dynasty International Limited, a wholly-owned subsidiary of the Group, entered into an agreement with three independent parties to set up a sino-foreign joint venture company, Beijing Sapiential & Golden Resources Public Relations Consultant Co., Ltd ("**Beijing Sapiential & Golden Resources**")*. The Group injected RMB4,800,000 (equivalent to approximately HK$5,973,000) to Beijing Sapiential & Golden Resources, which represented 48% equity interests in Beijing Sapiential & Golden Resources.

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

On 22 August 2012, Gold Kingdom Holdings Limited, a wholly-owned subsidiary of the Company ("**Gold Kingdom**") exercised its right to convert the exchangeable note at a fair value of HK$64,033,000 into 25% equity interests in Starlight Financial Holdings Limited (Formerly known as China Runking Group Holdings Limited) ("**Starlight**") and obtained an interest-free, repayable on demand loan of US$7,500,000 (equivalent to approximately HK$58,403,000) due from Starlight to the Group. During the year ended 31 March 2014, the loan to an associate of US$7,500,000 (equivalent to approximately HK$58,500,000) has been capitalised as investments in Starlight.

On 18 March 2014, Fortune Wealth Management Limited, a wholly-owned subsidiary of the Group, has set up a limited company in Hong Kong, Fortune Freedoness Wealth Management Limited ("**Fortune Freedoness**"), with a connected person of the Group and such transaction was fully exempt from shareholders' approval, annual review and disclosure requirements under Chapter 14A of the Listing Rules and injected HK$200,000 to Fortune Freedoness, which represented 20% equity interests in Fortune Freedoness.

On 21 January 2015, the Group entered into an agreement with an independent third party to purchase 25% equity interests of Prior Capital at a consideration of HK$2,500,000. The agreement also included a profit guarantee clause in which the Group will be entitled to a repayment of HK$0.25 for each HK$1 by which the profit before tax of Prior Capital falls short of HK$10,000,000 for the year ending 31 March 2016, with a cap of HK$2,500,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. INTERESTS IN ASSOCIATES (Continued)

Set out below are the particulars of the principal associates as at 31 March 2015 and 2014 in the opinion of the Directors of the Company, to give details of other associates would result in particulars of excessive length:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activity
				2015	2014	2015	2014	
Starlight	Limited liability company	Hong Kong	Ordinary shares	**25% (Note 1)**	25%	**33% (Note 1)**	33%	Investment holding
City Eagle Holdings Limited	Limited liability company	Hong Kong	Ordinary shares	**25%**	25%	**33%**	33%	Investment holding
Runtong	Limited liability company	The PRC	Registered capital	**25%**	25%	**33%**	33%	Provision of small loan financing services in Chongqing of the PRC
Wine Financier Limited	Limited liability company	Hong Kong	Ordinary shares	**25%**	–	**33%**	–	Provision of small loan financing services
Beijing Sapiential & Golden Resources	Limited liability company	The PRC	Registered capital	**48% (Note 2)**	48%	**25% (Note 2)**	25%	Provision of business consultancy services
Fortune Freedoness	Limited liability company	Hong Kong	Ordinary shares	**20%**	20%	**33%**	33%	Provision of consultancy services
Prior Capital	Limited liability company	Hong Kong	Ordinary shares	**25% (Note 3)**	–	**25% (Note 3)**	–	Provision of consultancy services

Wine Financier Limited, City Eagle Holdings Limited and Runtong are wholly-owned subsidiaries of Starlight.

Notes:

1. The Group is able to exercise significant influence over Starlight and its subsidiaries ("**Starlight Group**") because it has the power to appoint two out of the six directors of that company under the provisions stated in the shareholders' agreement.

2. The Group is able to exercise significant influence over Beijing Sapiential & Golden Resources because it has the power to appoint one out of the four directors of that company under the provisions stated in the Articles of Association of that company.

3. The Group is able to exercise significant influence over Prior Capital because it has the power to appoint one out of the two directors of that company under the provisions stated in the agreement for the sales and purchase of shares in Prior Capital. The Group has acquired 25% of equity interest and the company has two shareholders only. The appointment of the director can be decided by the majority of the shareholders in accordance with the Articles of Association of the company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. INTERESTS IN ASSOCIATES (Continued)

As at 31 March 2015, included in the cost of investment in associates was goodwill of approximately HK$6,223,000 (2014: HK$4,052,000) arising on the acquisition of associates.

Summarised financial information of material associate

The summarised financial information in respect of the Group's material associate, Starlight Group, which are accounted for using the equity method is set out below. The summarised financial information below represented amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

Starlight Group:

	2015 **HK$'000**	2014 HK$'000
Current assets	**442,480**	460,630
Non-current assets	**18,844**	14,616
Total assets	**461,324**	475,246
Current liabilities	**153,457**	172,230
Non-current liabilities	**3,379**	458
Total liabilities	**156,836**	172,688

	Year ended **31.3.2015** **HK$'000**	Year ended 31.3.2014 HK$'000
Total revenue	**121,919**	76,040
Total profit for the year	**1,562**	45,328
Total other comprehensive income for the year	**368**	2,671
Total comprehensive income for the year	**1,930**	47,999

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. INTERESTS IN ASSOCIATES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	As at 31 March	
	2015 **HK$'000**	2014 HK$'000
Net assets of the associates	**304,488**	302,558
Proportion of the Group's ownership interest in Starlight Group	**25%**	25%
	76,122	75,640
Goodwill	**4,052**	4,052
Carrying amount of the Group's interest in Starlight Group	**80,174**	79,692

Prior Capital

	2015 HK$'000
Current assets	8,442
Non-current assets	1,300
Total assets	9,742
Current liabilities	4,774
Non-current liabilities	–
Total liabilities	4,774

	21.1.2015 to 31.3.2015 HK$'000
Total revenue	19,183
Total profit for the period	3,658
Total other comprehensive income for the period	–
Total comprehensive income for the period	3,658

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of material associate (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	As at 31 March 2015 HK$'000
Net assets of the associates	4,968
Proportion of the Group's ownership interest in Prior Capital	25%
	1,242
Goodwill	2,171
Carrying amount of the Group's interest in the Prior Capital	3,413

The aggregate financial information and carrying amounts of the Group's interests in associates that are not individually material and are accounted for using equity method are set out below:

	Year ended 31.3.2015 HK$'000	Year ended 31.3.2014 HK$'000
The Group's share of (loss) profit	**(465)**	156
The Group's share of other comprehensive (expense) income	**(2)**	8
The Group's share of total comprehensive (expense) income	**(467)**	164

	2015 HK$	2014 HK$
Aggregate carrying amount of the Group's interests in immaterial associates	**4,889**	5,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE

	2015 HK$'000	2014 HK$'000
Cost of investments in unlisted joint ventures	**9,492**	8,367
Share of post-acquisition profits and other comprehensive income	**(1,093)**	1,596
	8,399	9,963
Less: Impairment loss recognised	**(7,044)**	(7,044)
	1,355	2,919
Amount due from a joint venture	**–**	73,000

The amount due from a joint venture is unsecured, interest-free and repayable on demand, other than an amount of approximately HK$3,000,000 (2014: HK$3,000,000) which carries interest at 12% (2014: 12%) per annum. In light of certain significant loan receivables of Measure Up Group were defaulted during the year ended 31 March 2015, the Directors of the Company were based on the evaluation of collectability and the estimation of future cash flows and of the opinion that the recoverable amount of the amount due from a joint venture was zero, an impairment loss of HK$73,386,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2015.

On 12 October 2013, the Company has set up a limited company in the PRC, Qianhai Fortune Financial, with three independent third parties and injected HK$290,000 to Qianhai Fortune Financial, which represented 30% equity interests in Qianhai Fortune Financial.

On 21 March 2014, the Company has set up a limited company in the PRC named Qianhai Fortune Equity with three independent third parties and injected HK$1,125,000 which represented 30% equity interests in Qianhai Fortune Equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Details of the joint ventures as at 31 March 2015 and 2014 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Proportion of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activities
				2015	2014	2015	2014	
Measure Up	Limited liability company	British Virgin Islands ("**BVI**")	Ordinary shares	**35%**	35%	**33%**	33%	Investment holding
Lucky Target Property Agency Limited	Limited liability company	Hong Kong	Ordinary shares	**35%**	35%	**33%**	33%	Investment holding
Rongtong Finance Lease (Shanghai) Company Limited*	Limited liability company	PRC	Registered share capital	**35%**	35%	**33%**	33%	Provision of finance lease service
Qianhai Fortune Financial	Limited liability company	PRC	Registered share capital	**30%**	30%	**40%**	40%	Provision of corporate financial consultancy service
Qianhai Fortune Equity	Limited liability company	PRC	Registered share capital	**30%**	–	**40%**	–	Inactive

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

Both Lucky Target Property Agency Limited and Rongtong Finance Lease (Shanghai) Company Limited are the wholly-owned subsidiaries of Measure Up.

The Group holds 35% of the ordinary shares of Measure Up and controls 33% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Measure Up should be unanimously approved by the Group and other venturer. Therefore, Measure Up and its subsidiaries ("**Measure Up Group**") are regarded as joint ventures of the Group.

The Group holds 30% of equity interests of Qianhai Fortune Financial and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Financial should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Financial are regarded as joint ventures of the Group.

The Group holds 30% of equity interests of Qianhai Fortune Equity and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Equity should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Equity are regarded as joint ventures of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Measure Up Group:

	2015 HK$'000	2014 HK$'000
Current assets	**146,342**	224,490
Non-current assets	**597**	13,302
Total assets	**146,939**	237,792
Current liabilities	**300,172**	229,367
Non-current liabilities	**30,274**	898
Total liabilities	**330,446**	230,265

The above amounts of assets and liabilities include the following:

	2015 HK$'000	2014 HK$'000
Cash and cash equivalents	**1,799**	14,392
Current financial liabilities (excluding trade and other payables and provisions)	**290,963**	215,144
Non-current financial liabilities (excluding trade and other payables and provisions)	**30,274**	898

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE (Continued)

	Year ended 31.3.2015 HK$'000	Year ended 31.3.2014 HK$'000
Total revenue	**11,677**	7,645
Total (loss) profit for the year	**(191,429)**	840
Other comprehensive income for the year	**395**	–
Total comprehensive (expense) income for the year	**(191,034)**	840

Included in the amounts disclosed above are:

	Year ended 31.3.2015 HK$'000	Year ended 31.3.2014 HK$'000
Depreciation	**89**	1,271
Interest income	**41**	111
Interest expense	**5,078**	877
Income tax credit	**–**	(229)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE (Continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the interests in the joint ventures is set out below:

Measure Up Group

	2015 HK$'000	2014 HK$'000
Net (liabilities) assets of the joint venture	**(183,507)**	7,527
Proportion of the Group's interests in Measure Up Group	**35%**	35%
	(64,227)	2,634
Net liabilities not recognised in carrying amount	**64,227**	–
Goodwill	**–**	–
Carrying amount of the Group's interests in Measure Up Group	**–**	2,634

The Group has stopped recognising its share of loss of Measure Up Group when using the equity method. The unrecognised share the joint venture, both for the year and cumulatively, are set out below:

	2015 HK$'000	2014 HK$'000
Unrecognised share of loss of Measure Up Group for the year	**(64,227)**	–
Accumulated unrecognised share of loss of Measure Up Group	**(64,227)**	–

The financial information and carrying amount, in aggregate, of the Group's interests in joint ventures that are not individually material and are accounted for using equity method are set out below:

	Year ended 31.3.2015 HK$'000	Year ended 31.3.2014 HK$'000
The Group's share of loss	**(58)**	(5)
The Group's share of other comprehensive income	**3**	–
The Group's share of total comprehensive expense	**(55)**	(5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. INTERESTS IN JOINT VENTURES/AMOUNT DUE FROM A JOINT VENTURE (Continued)

	2015 HK$'000	2014 HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	**1,355**	285

24. INVESTMENTS HELD FOR TRADING

	2015 HK$'000	2014 HK$'000
Listed investments		
– Equity securities listed in Hong Kong	**20,944**	22,464

The fair values of the above listed securities are determined basing on the quoted market bid prices available on the Stock Exchange.

25. TRADE RECEIVABLES

The followings are the balances of trade receivables, net of impairment losses:

	2015 HK$'000	2014 HK$'000
Trade receivables from the business of dealing in securities:		
– Cash clients	**13,698**	8,171
– Hong Kong Securities Clearing Company Limited ("**HKSCC**")	**22,922**	4,036
– Margin clients	**181,202**	172,414
Trade receivables from other businesses	**3,174**	1,710
	220,996	186,331
Less: Impairment loss recognised	**(84,383)**	(66,884)
	136,613	119,447

The settlement terms of trade receivable, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. The Group allows an average credit period of 30 days to its trade customers of other business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. TRADE RECEIVABLES (Continued)

No ageing analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, the Directors of the Company consider that the ageing analysis does not give additional value in the view of the nature of business of margin financing.

The following is an aged analysis of trade receivables (excluded margin clients), net of impairment losses, at the end of the reporting period based on the invoice date which approximated the respective revenue recognition dates was as follows:

	2015 **HK$'000**	2014 HK$'000
Less than 30 days	**35,006**	11,834
31 to 60 days	**1,972**	451
61 to 90 days	**1,528**	145
Over 90 days	**670**	1,079
	39,176	13,509

Trade receivables from cash and margin clients are secured by the clients' pledged securities at fair values of approximately HK$844,977,000 (2014: HK$1,327,360,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin customers are repayable on demand and bear interest at commercial rates. As at 31 March 2015, included in the total trade receivables, approximately HK$101,090,000 (2014: HK$106,966,000) were interest bearing whereas approximately HK$35,523,000 (2014: HK$12,481,000) were non-interest bearing. There is no repledge of the collateral from margin clients in both years.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

Included in the Group's trade receivables from cash clients are debtors with aggregate carrying amount of approximately HK$6,677,000 (2014: HK$2,737,000) which were past due as at 31 March 2015 for which the Group has not provided for impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. TRADE RECEIVABLES (Continued)

In respect of trade receivables (excluded margin clients) which are past due but not impaired at the end of respective reporting period, the aged analysis (subsequent to the settlement date) are as follows:

	2015 HK$'000	2014 HK$'000
Less than 30 days	**2,507**	1,062
31 to 60 days	**1,871**	451
61 to 90 days	**377**	145
Over 90 days	**1,922**	1,079
	6,677	2,737

Trade receivables from cash clients that were past due but not impaired relate to a number of independent customers that either have a good track record for repayment with the Group or fully settled the outstanding balances subsequently. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds the pledged securities at fair values of approximately HK$394,427,000 over these balances (2014: HK$390,280,000).

Movements in the impairment loss of trade receivables in aggregate during the reporting year are as follows:

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	**66,884**	101,781
Amounts written off as uncollectible	**(971)**	–
Reversal of impairment loss recognised	**(3,802)**	(39,550)
Impairment loss recognised during the year	**22,272**	4,653
Balance at end of the year	**84,383**	66,884

Included in the impairment losses of trade receivables with an aggregated balance of approximately HK$84,383,000 (2014: HK$66,884,000) were individually impaired trade debtors who were in financial difficulties. During the year ended 31 March 2015 and 31 March 2014, no trade receivable was directly written off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

26. LOAN RECEIVABLES

	2015 HK$'000	2014 HK$'000
Secured loan receivables	**13,204**	20,110
Unsecured loan receivables	**14,848**	13,366
	28,052	33,476
Impairment loss recognised in respect of loan receivables	**(10,988)**	–
	17,064	33,476

The secured loan receivables are secured by the equity shares of a listed company (2014: equity shares of a listed company) and bear interest at a fixed interest rate at 12% to 20% (2014: 10% to 15%) per annum. The Group holds the pledged securities at fair values of approximately HK$5,080,000 over these balances (2014: HK$16,892,000) and holds the pledged property unit.

The unsecured loan receivables carried interests at fixed interest rates at 21.6% to 25% (2014: 22% to 30%) per annum. All unsecured loan receivables are guaranteed by a substantial shareholder and/or an independent third party as at 31 March 2015 and 2014.

The following table illustrated the ageing analysis, based on the loan drawdown date, of the loan receivables outstanding at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Less than 30 days	**1,276**	561
31 to 60 days	**265**	3,156
61 to 90 days	**1,433**	1,653
Over 90 days	**14,090**	28,106
	17,064	33,476

Included in the Group's loan receivables balance, no balance were past due as at 31 March 2015 and 31 March 2014 for which the Group has not provided for impairment loss.

The loan receivables are due for settlement at the date specified in the respect loan agreements.

Impairment loss of approximately HK$10,988,000 (2014: nil) recognised during the year ended 31 March 2015 is based on estimated irrecoverable amount by reference to the creditability of the customer, past default experience and subsequent settlement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

27. FACTORING RECEIVABLES

The Group's factoring receivables arose from factoring services to companies in Hong Kong. The credit period granted to each customer is generally no later than 210 days for factoring services. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by management.

An aged analysis of the Group's factoring receivables as at the end of the reporting period, based on the date of the sales invoices is as follows:

	2015 **HK$'000**	2014 HK$'000
Less than 30 days	**3,409**	–

The aged analysis of the Group's factoring receivables that are not considered to be impaired is as follows:

	2015 **HK$'000**	2014 HK$'000
Less than 30 days	**3,409**	–

The Directors of the Company are of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

28. AMOUNT DUE FROM AN INVESTEE COMPANY

	2015 HK$'000	2014 HK$'000
Amount due from an investee company	**5,042**	5,042
Less: impairment loss recognised	**(5,042)**	(5,042)
	–	–

The amount is unsecured, interest-free and repayable on demand.

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 HK$'000	2014 HK$'000
Other receivables	**2,099**	2,040
Deposits paid	**4,894**	4,331
Prepayments	**618**	477
	7,611	6,848

As at 31 March 2015, amounts of approximately HK$45,000 (2014: nil) and HK$480,000 (2014: HK$498,000) were denominated in USD and RMB respectively other than the functional currencies of the relevant group entities.

Included in the deposits paid of approximately HK$4,140,000 (2014: HK$4,060,000) were the rental deposits which were paid to independent third parties.

As at 31 March 2015, included in other receivables of approximately HK$760,000 (2014: HK$780,000), which was advanced to an independent third party. The amount is unsecured, interest-free and repayable on demand.

30. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. BANK BALANCES AND CASH

Bank balances and cash – trust

The Group maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its securities and futures brokerage and financing business. The Group has classified the clients' monies as bank balances and cash – trust under the current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Bank balances and cash – general

Bank balances and cash held by the Group amounting to approximately HK$79,435,000 (2014: HK$87,011,000) were with an original maturity of three months or less. The bank balances and bank deposits carried interest at market rates ranging from 0.001% to 0.385% (2014: 0.001% to 0.56%) per annum.

As at 31 March 2015, the Group had bank balances of approximately HK$4,648,000 (2014: HK$9,966,000) and HK$85,000 (2014: HK$502,000) which were originally denominated in USD and RMB respectively other than the functional currencies of the relevant group entities.

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Trade payables from the business of dealing in securities:		
– margin and cash clients	**140,295**	134,161
– HKSCC	**–**	1,914
Other payables and accruals	**3,175**	4,120
	143,470	140,195

For trade payables, no ageing analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the ageing analysis does not give additional value in the view of the nature of business of margin financing.

As at 31 March 2015, the Group had other payables and accruals of approximately HK$nil (2014:HK$202,000) which were denominated in USD other than the functional currencies of the relevant group entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. CONVERTIBLE LOAN NOTES

On 29 December 2011, the Company issued a 12% coupon convertible notes (the "**2014 Convertible Note A**") which were due on 28 December 2014 with an aggregate principal amount of approximately HK$40,385,000 in respect of the acquisition of the 35% equity interest in Measure Up. The 2014 Convertible Note A can convert up to an aggregate 201,925,000 ordinary shares of the Company respectively at conversion price of HK$0.20 per share. The notes were denominated in HK$ and entitled the holder to convert them into ordinary shares of the Company at any times between the date of issue of the notes and the maturity date. Unless previously converted, all 2014 Convertible Note A outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding plus accrued interest in HK$. The effective interest rate of the liability components is 13.81%. From the day immediately after the expiry of one year from the issue date, the Company may redeem all the outstanding 2014 Convertible Note A in whole at the outstanding principal amount and accrued interest. No 2014 Convertible Note A was converted into ordinary shares of the Company during the years ended 31 March 2015 and 2014. On 28 December 2014, the 2014 Convertible Note A was expired and reclassified to amount due to Ever Step, a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of Credit China.

On 1 March 2013, the Company issued **2016 Convertible Note B** which was due on 29 February 2016 with an aggregate amount of HK$32,000,000. The convertible notes can convert up to an aggregate 320,000,000 ordinary shares of the Company at HK$0.10 per share. The notes were denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and the maturity date. Unless previously converted, all 2016 Convertible Note B outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding on maturity date plus accrued interest in HK$. The effective interest rate of the liability components is 12.53%. From the day immediately after the expiry of one year from the issue date, the Company may redeem all the outstanding 2016 Convertible Note B in whole at the outstanding principal amount and accrued interest. No 2016 Convertible Note B was converted into ordinary shares of the Company during the years ended 31 March 2015 and 2014. As at 31 March 2015, the 2016 Convertible Note B with an aggregate principal amount of approximately HK$32,000,000 (2014: HK$32,000,000) remained outstanding and it can be converted by the holder into 320,000,000 (2014: 320,000,000) new ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.10 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. CONVERTIBLE LOAN NOTES (Continued)

On 25 February 2015, the Group and Ever Step entered into a subscription agreement in respect of the issue of a 12% coupon convertible notes (the "**2016 Convertible Note C**"), which was used to repay the amount due to Ever Step by the Company of HK$40,385,000. The Company issued 2016 Convertible Note C which was due on 24 February 2016 with an aggregate principal amount HK$40,384,615. The notes were denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company on the maturity date. Unless previously converted, all 2016 Convertible Note C outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding on maturity date plus accrued interest in HK$. The effective interest rate of the liability components is 13.26%. It can be converted by the holder into 310,650,884 new ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.13 per share. The early redemption right of 2016 Convertible Note C entitled to the Company, which allowed the Company to prepay and redeem the outstanding amounts from the date of issue to maturity date, was estimated at the issuance and extension of option and the end of each reporting period using Black-Scholes option pricing model and the change in fair value of that component is recognised in the profit or loss. No 2016 Convertible Note C was converted into ordinary shares of the Company during the year ended 31 March 2015. As at 31 March 2015, the 2016 Convertible Note C with an aggregate principal amount of approximately HK$40,385,000 remained outstanding and it can be converted by holder into 310,650,884 new ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.13 each.

The shares to be issued and allotted upon conversions of the above convertible notes shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue.

Each of the above convertible loan note holder shall exercise the right of conversion to the extent that the public float of the Company will not be less than 25% of the issued share capital of the Company immediately after such conversion.

The convertible loan note holders shall not convert the convertible loan notes and the Company shall not issue any ordinary shares if, upon such issue, the convertible loan note holders and the parties acting in concert with it, shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of the Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion. No ordinary shares will be allotted and issued in respect of any breach of the provisions under this condition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. CONVERTIBLE LOAN NOTES (Continued)

All the convertible notes are bifurcated into a liability component and an equity component. 2016 Convertible Note C and 2016 Convertible Note B contain a derivative component in addition to the liability component and an equity component. The equity component is presented in equity heading "**convertible loan notes equity reserve**". The movement of the liability, equity and derivative components of the convertible loan notes for the year is set out below:

	2014 Convertible Note A	**2016 Convertible Note B**	**2016 Convertible Note C**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Liability components				
At 1 April 2013	40,688	26,542	–	67,230
Interest paid	(4,846)	(1,600)	–	(6,446)
Imputed interest expenses (note 10)	5,400	3,332	–	8,732
At 31 March 2014 and 1 April 2014	41,242	28,274	–	69,516
Issue of convertible loan notes during the year	–	–	39,935	39,935
Interest paid	(4,846)	(1,600)	–	(6,446)
Imputed interest expenses (note 10)	3,989	3,551	481	8,021
Reclassified to other payable	(40,385)	–	–	(40,385)
At 31 March 2015	–	30,225	40,416	70,641
Equity components				
At 1 April 2013, 31 March 2014 and 1 April 2014	7,086	10,018	–	17,104
Issue of convertible loan notes during the year	–	–	1,222	1,222
Lapse of conversion option during the year (Note)	(7,086)	–	–	(7,086)
At 31 March 2015	–	10,018	1,222	11,240

Note: During the year ended 31 March 2015, conversion option of approximately HK$7,086,000 (2014: nil) was lapsed upon expiry of exercise period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. CONVERTIBLE LOAN NOTES (Continued)

	2014 Convertible Note A HK$'000	2016 Convertible Note B HK$'000	2016 Convertible Note C HK$'000	Total HK$'000
At 31 March 2015				
Analysed for reporting purposes as				
Current liability	–	30,225	40,416	70,641
As at 31 March 2014				
Analysed for reporting purposes as				
Non-current liability	–	28,274	–	28,274
Current liability	41,242	–	–	41,242
	41,242	28,274	–	69,516

	2014 Convertible Note A HK$'000	2016 Convertible Note B HK$'000	2016 Convertible Note C HK$'000	Total HK$'000
Derivative components				
At 1 April 2013	(3,508)	(3,313)	–	(6,821)
Change in fair value	2,356	1,106	–	3,462
At 31 March 2014 and 1 April 2014	(1,152)	(2,207)	–	(3,359)
Issue of convertible loan notes during the year	–	–	(772)	(772)
Change in fair value	1,152	1,580	(20)	2,712
At 31 March 2015	–	(627)	(792)	(1,419)

The fair value of the derivative components, representing the Further Subscription Option entitled to the holder of 2014 Convertible Note A, the early redemption right of 2016 Convertible Note B and 2016 Convertible Note C entitled to the Company, was estimated at the issuance and extension of option and the end of each reporting period using Black-Scholes option pricing model and the change in fair value of that component is recognised in the profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. CONVERTIBLE LOAN NOTES (Continued)

The derivative component of 2016 Convertible Note B was revalued at 31 March 2015 and 31 March 2014 based on valuations by Roma Appraisal Limited, an independent valuer, determined using Black-Scholes option pricing models. The significant inputs to the models were as follows:

	31 March 2015	31 March 2014
Aggregate principal amount	**HK$32,000,000**	HK$32,000,000
Exercise price	**HK$32,000,000**	HK$32,000,000
Risk free rate	**0.086%**	0.430%
Expected volatility	**5.02%**	11.78%
Expected option period	**0.919 year**	1.919 year

The derivative component of 2016 Convertible Note C was revalued at 31 March 2015 and the date of issue of 2016 Convertible Note C on 25 February 2015 based on valuations by Roma Appraisal Limited, an independent valuer, determined using Black-Scholes option pricing models. The significant inputs to the models were as follows:

	31 March 2015	25 February 2015
Aggregate principal amount	**HK$40,384,615**	HK$40,384,615
Exercise price	**HK$40,384,615**	HK$40,384,615
Risk free rate	**0.085%**	0.176%
Expected volatility	**5.06%**	4.571%
Expected option period	**0.907 year**	1 year

34. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Authorised:		
Ordinary shares of HK$0.1 each at 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015	5,000,000	500,000
Issued and fully paid:		
At 1 April 2013	3,166,086	316,609
Issue of shares (note)	252,300	25,230
At 31 March 2014, 1 April 2014 and 31 March 2015	3,418,386	341,839

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. SHARE CAPITAL (Continued)

Note: On 1 August 2013, the Company has completed to place 252,300,000 ordinary shares of the Company at the price of HK$0.10 per placing share to certain independent third parties. Details of the transaction were set out in the Company's announcement dated 18 July 2013 and 1 August 2013.

All new shares issued during the year ended 31 March 2014 ranked pari passu in all respects with other shares in issue.

35. CORPORATE BONDS

During the year ended 31 March 2014, the Group had issued 2 to 7 and a half year corporate bonds with aggregate principal amounts of HK$53,810,000 to 8 independent third parties, net of direct expenses of approximately HK$7,637,000, which were due in December 2015, January 2016, October 2020, December 2020, March 2021 and June 2021. These corporate bonds carried interest at fixed rate of 6% to 7% per annum with interest payable annually in arrears. The corporate bonds were unsecured. The effective interest rate of the corporate bonds was ranging from 9.19% to 11.06%.

During the year ended 31 March 2015, the Group has issued 2 to 7 year corporate bonds with aggregate principal amounts of HK$67,500,000 to 19 independent third parties net of direct expenses of approximately HK$9,900,000, which are due in February 2017, May 2021, July 2021, August 2021, October 2021, November 2021, December 2021, January 2022, February 2022 and March 2022. These corporate bonds carry interest at fixed rate of 6% to 6.5% per annum with interest payable annually in arrears. The corporate bonds are unsecured. The effective interest rate of the corporate bonds is ranging from 9.19% to 11.06%.

Carrying amounts repayable:

	2015 **HK$'000**	2014 HK$'000
Within one year	**10,772**	–
After one year but within five years	**9,434**	10,394
After five years	**89,059**	37,372
Total	**109,265**	47,766
Less: Amounts shown under current liabilities	**(10,772)**	–
Amounts shown under non-current liabilities	**98,493**	47,766

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

36. SHARE-BASED PAYMENT TRANSACTIONS

On 19 August 2011, the Company adopted a new share option scheme (the "**2012 Scheme**") pursuant to a resolution passes at the extraordinary general meeting held on the same date. Further details are set out in the announcement of the Company dated 18 July 2011. The 2012 Scheme is valid and effective for a period of 10 years after the date of adoption.

Under the terms of the 2012 Scheme, the Directors of the Company may, at their discretion, grant options to the employees, business associate, person or entity that provides research, development or other technological support to the Group or any invested entity, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or an invested entity (the "**Eligible Participants**"), to subscribe for shares of the Company for recognition of their contribution as incentives or rewards. Options granted must be taken up within 28 days of the date of grant.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for shares of the Company during a period of 10 years commencing on the date of acceptance of the option at a price not less than the higher of (i) the nominal value of the shares of the Company; (ii) the closing price of the shares of the Company on the Stock Exchange on the date of grant; and (iii) the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the option.

Share options granted to directors, chief executive or substantial shareholders is subject to the approval of the Independent Non-Executive Directors ("**INEDs**"). In addition, any grant of share options to a substantial shareholder or an INED, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the approval of the Shareholders in a general meeting.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. Subject to the shareholders' approval, the maximum number of shares in respect of which options may be granted under the 2012 Scheme shall not exceed 10% of the shares in issue as at the date of the approval, or the maximum number of shares in respect of which options may be granted to any Eligible Participants may not exceed 1% of the shares in issue from time to time in a 12-month period. Except for the entitlements of dividends, bonus, rights declared before the exercise of options, any shares allotted and issued on the exercise of an option will rank pari passu with the other shares in issue at the date of exercise of the relevant option.

No share options had been granted or exercised during the years ended 31 March 2015 and 2014. As at 31 March 2015 and 2014, no option remained outstanding under the 2012 Scheme of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. DISPOSAL OF A SUBSIDIARY

(a) On 3 December 2013, the Group has completed to dispose of its entire equity interest in Pegasus Financial Public Relations Limited ("**Pegasus Financial**") to Total Icon Limited, an independent third party of the Group.

	HK$'000
Consideration received:	
Cash received	1,150

Analysis of assets and liabilities over which control was lost:

	HK$'000
Trade and other receivables	857
Bank balances and cash – general	18
Trade and other payables	(72)
Net assets disposed of	803
Gain on disposal of a subsidiary:	
Consideration received	1,150
Net assets disposed of	(803)
Gain on disposal	347
Net cash inflow arising on disposal:	
Cash consideration	1,150
Less: bank balances and cash disposed of	(18)
	1,132

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

38. ACQUISITION OF AN ASSOCIATE

On 20 January 2015, Giant Talent, a directly wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, an independent third party, pursuant to which the Vendor has conditionally agreed to sell and Giant Talent has conditionally agreed to purchase 25% of the entire issued capital of Prior Capital for a consideration of HK$2.5 million.

The transaction constitutes a discloseable transaction of the Company. Details of which were published in the Company's announcement dated 20 January 2015. The acquisition was completed on 21 January 2015.

Save as disclosed above, there was no material acquisition or disposal of the Group during the year ended 31 March 2015.

39. RELATED PARTY TRANSACTIONS

(a) Except as disclosed elsewhere in the consolidated financial statements, the significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	2015 HK$'000	2014 HK$'000
Brokerage commission received from directors	**30**	24
Management income from an associate	**580**	–
Commission fee to an associate	**668**	–
Referral fee to an associate	**2,700**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

39. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

All Directors were considered to be the key management personnel of the Group as at 31 March 2015 and 2014. The remuneration of directors during the reporting year was as follows:

	2015 **HK$'000**	2014 HK$'000
Short-term benefits	**8,243**	12,979
Post-employment benefits	**72**	60
	8,315	13,039

The remuneration of directors was determined by the remuneration committee having regard to the performance of individuals and market trends.

Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

40. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund ("**MPF**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in PRC participate in respective government retirement benefit scheme (the "**Scheme**") whereby the subsidiaries are required to contribute to the Scheme to fund the retirement benefits of the eligible employees. Contributions made to the Scheme are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirement in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contribution under the Schemes.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,024,000 (2014: HK$964,000) represents contributions payable to the schemes by the Group in respect of the year ended 31 March 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Lease for properties are negotiated for a term ranging from three months to three years and rentals are fixed at the inception of lease. No provision for contingent rent and terms of renewal were established in the lease.

Minimum lease payments paid under operating leases during the reporting year:

	2015 HK$'000	2014 HK$'000
Premises	**17,073**	15,560

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	**15,005**	4,006
In the second to fifth year, inclusive	**14,422**	777
	29,427	4,783

(ii) Capital commitment

The Group had the following capital commitment at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Contracted but not provided for:		
Investment in a joint venture	**6,144**	7,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration and operations	Class of shares held	Nominal value of issued ordinary share	Percentage of ownership interest and voting power held by the Company 2015	2014	Principal activities
F(HK)SL	Hong Kong	Ordinary	HK$180,000,000	**100%**	100%	Provision of securities brokerage and financing services
Fortune Asset Management Limited	Hong Kong	Ordinary	HK$18,000,000	**100%**	100%	Provision of asset management services
Fortune Financial (Holdings) Limited	BVI	Ordinary	US$1	**100%**	100%	Investment holding
Fortune Finance Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Provision of money lending service
Fortune Wealth	Hong Kong	Ordinary	HK$6,700,000	**100%**	100%	Provision for insurance brokerage service
Fortune Immigration Investment Consulting Limited	Hong Kong	Ordinary	HK$100,000	**100%**	100%	Provision for immigration & education consulting service
Fortune Financial Capital	Hong Kong	Ordinary	HK$10,000,000	**100%**	100%	Provision of corporate finance service

All subsidiaries are companies incorporated with limited liability in the respective jurisdictions.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the years ended 31 March 2015 and 2014.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particular excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

		Number of subsidiaries	
Principal activities	**Principal place of business**	**31 March 2015**	31 March 2014
Investment holding	BVI/Hong Kong	**11**	9
Inactive	PRC/BVI/Hong Kong	**12**	12
		23	21

The Group did not have any non-wholly-owned subsidiaries that have material non-controlling interests.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 **HK$'000**	2014 HK$'000
Non-current assets		
Plant and equipment	**598**	976
Interest in a joint venture	**1,415**	290
Investments in subsidiaries	**5,167**	16,380
	7,180	17,646
Current assets		
Other receivables, deposits and prepayments	**1,271**	1,365
Derivative component of convertible loan notes	**5,862**	3,359
Amounts due from subsidiaries (note i)	**198,686**	314,818
Bank balances and cash – general	**41,744**	38,899
	247,563	358,441
Current liabilities		
Trade payables, other payables and accruals	**2,994**	4,806
Convertible loan notes	**70,641**	41,242
Corporate bonds	**10,772**	–
Amounts due to subsidiaries (note i)	**46,232**	46,269
Tax payable	**21**	21
	130,658	92,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2015 HK$'000	2014 HK$'000
Net current assets	**116,905**	266,103
Total assets less current liabilities	**124,085**	283,749
Capital and reserves		
Share capital	**341,839**	341,839
Share premium	**431,725**	431,725
Convertible loan notes equity reserve	**11,240**	17,104
Contributed surplus (note ii)	**80,657**	80,657
Accumulated losses	**(839,869)**	(663,616)
Total equity	**25,592**	207,709
Non-current liabilities		
Convertible loan notes	**–**	28,274
Corporate bonds	**98,493**	47,766
	124,085	283,749

Notes:

i. The amounts due from/to subsidiaries as at 31 March 2015 and 2014 are unsecured, interest-free and repayable on demand except for amounts due from subsidiaries of approximately HK$59,247,000 (2014: HK$3,203,000) arrived interest at 12% (2014: 12%) per annum.

ii. The contributed surplus of the Company represents the difference between the fair values of the underlying net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued under the corporate reorganisation of the Group.

iii. Reserves of the Company:

	Share Capital HK$'000	Share Premium HK$'000	Convertible Bond Reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	316,609	431,725	17,104	80,657	(558,627)	287,468
Issue of shares	25,230	–	–	–	–	25,230
Loss for the year	–	–	–	–	(104,989)	(104,989)
At 31 March 2014	341,839	431,725	17,104	80,657	(663,616)	207,709
Lapse of conversion option during the year	–	–	(7,086)	–	7,086	–
Issue of convertible loan notes during the year	–	–	1,222	–		1,222
Loss for the year	–	–	–	–	(183,339)	(183,339)
At 31 March 2015	341,839	431,725	11,240	80,657	(839,869)	25,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

44. MAJOR NON-CASH TRANSACTIONS

As stated in note 22 to the consolidated financial statements, the Group acquired 25% equity interests in Starlight of approximately HK$5,630,000 and an interest-free loan of HK$58,403,000 due from Starlight at a consideration of US$7,500,000 by the conversion of the Exchangeable Note during the year ended 31 March 2013. Subsequently, during the year ended 31 March 2014, the loan to an associate of US$7,500,000 (equivalent to approximately HK$58,500,000) had been capitalised as investment in Starlight.

As stated in note 33, the Group and Ever Step enter into a subscription agreement (2016 Convertible Note C) to repay the amount due to Ever Step of HK$40,385,000 during the year ended 31 March 2015.

45. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Company maintained accounts with the HKSCC through which they conducted securities trading transactions and settlement on a net basis.

In presenting the amounts due from and to HKSCC (included in trade receivables or trade payables with clearing house), the Company has offset the gross amount of the accounts receivable from and the gross amount of the accounts payable to HKSCC. The amounts offset and the net balances are shown as follows:

	Gross amount HK$'000	**Amount offset** HK$'000	**Net amount receivable (payable)** HK$'000
As at 31 March 2015			
Trade receivable from HKSCC	39,382	(16,460)	22,922
Trade payable to HKSCC	(16,460)	16,460	–
As at 31 March 2014			
Trade receivable from HKSCC	11,527	(7,491)	4,036
Trade payable to HKSCC	(9,405)	7,491	(1,914)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

46. CONTINGENT LIABILITIES

During the year ended 31 March 2015, the Group has provided certain counter financial guarantees to an independent third party, (2014: two independent third parties), which has provided financial guarantees directly to Runtong, an associate of the Group, in aggregate of approximately RMB21,700,000 (equivalent to approximately HK$27,372,000) (2014: RMB10,000,000 (equivalent to approximately HK$12,317,000)).

47. LITIGATION

In April 2014, a writ of summons was issued by an independent third party in liquidation (the "**Plaintiff**") against F(HK)SL, in relation to HK$4,000,000 ("**Sum**") paid to F(HK)SL pursuant to a cheque issued by the Plaintiff in September 2009 which was transferred to a client's account maintained with F(HK)SL. The Plaintiff claimed that the Sum was money belonging to them and demanded for a refund of the Sum. As advised by the external legal adviser of the Company to the case, F(HK)SL has withheld the shares in client's account, pursuant to the terms and conditions of the client's agreement entered into between the client and F(HK)SL, F(HK)SL is entitled to set off or withhold any securities and monies held in the account against any liabilities owed by the client. Having considered the legal advice, the Directors of the Company believe that the said legal action does not have any material adverse impact on the Group's operation and financial position. As at the date of this report, the said legal action is still in progress.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Turnover	**45,083**	51,140	46,810	47,354	75,311
Loss before tax	**(156,736)**	(15,591)	(71,953)	(64,009)	(31,958)
Income tax expense	**(431)**	(32)	–	(452)	(939)
Loss for the year from continuing operations	**(157,167)**	(15,623)	(71,953)	(64,461)	(32,897)
Profit (loss) for the year from discontinued operations	**–**	–	2,587	(5,701)	(32,618)
Loss before non-controlling interests	**(157,167)**	(15,623)	(69,366)	(70,162)	(65,515)
Non-controlling interests	**435**	369	364	560	145
Loss for the year attributable to owners of the Company	**(156,732)**	(15,254)	(69,002)	(69,602)	(65,370)
Loss per share (HK cents)					
Basic and diluted	**(4.58)**	(0.46)	(2.2)	(2.3)	(3.5)

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**477,943**	567,489	494,531	632,979	794,622
Total liabilities	**(324,096)**	(258,197)	(195,541)	(272,357)	(481,869)
	153,847	309,292	298,990	360,622	312,753
Non-controlling interests	**781**	361	(4)	(720)	(145)
	154,628	309,653	298,986	359,902	312,608