HERITAGE INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock code : 412

漢基

HERITAGE

Annual Report 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:
Mr. Yau Wai Lung
(appointed on 19 August 2014)
Dr. Jonathan Ross
(appointed on 6 October 2014)
Mr. Ma Chao
(appointed on 22 April 2015)

Independent Non-Executive Directors:
Mr. Chung Yuk Lun
Mr. To Shing Chuen
Mr. Cheung Wing Ping
(appointed on 17 April 2015)

AUDIT COMMITTEE

Mr. To Shing Chuen
Mr. Chung Yuk Lun
Mr. Cheung Wing Ping
(appointed on 17 April 2015)

REMUNERATION COMMITTEE

Mr. To Shing Chuen
Dr. Jonathan Ross
(appointed on 6 October 2014)
Mr. Cheung Wing Ping
(appointed on 17 April 2015)

NOMINATION COMMITTEE

Mr. To Shing Chuen
Mr. Yau Wai Lung
(appointed on 19 August 2014)
Mr. Cheung Wing Ping
(appointed on 17 April 2015)

EXECUTIVE COMMITTEE

Mr. Yau Wai Lung
(appointed on 19 August 2014)
Dr. Jonathan Ross
(appointed on 6 October 2014)
Mr. Ma Chao
(appointed on 22 April 2015)

COMPANY SECRETARY

Mr. Lau Yau Chuen, Louis
(appointed on 11 May 2015)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

CORPORATE INFORMATION

PRINCIPAL OFFICE	29th Floor, China United Centre 28 Marble Road North Point Hong Kong
STOCK CODE	412
AUDITOR	Graham H.Y. Chan & Co. *Certified Public Accountants (Practising)* Rooms 3719-26, 37/F. Sun Hung Kai Centre 30 Harbour Road Wanchai Hong Kong
LEGAL ADVISERS	*Bermuda law:* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
PRINCIPAL BANKER	The Hongkong and Shanghai Banking Corporation Limited No.1 Queen's Road Central Hong Kong
PRINCIPAL REGISTRAR IN BERMUDA	MUFG Fund Services (Bermuda) Limited The Belvedere Building 69 Pitts Bay Road Pembroke HM08 Bermuda
BRANCH REGISTRAR IN HONG KONG	Computershare Hong Kong Investor Services Limited 17M Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
WEBSITE	www.heritage.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that the Group has made a loss before tax of approximately HK$128,727,000 for the year ended 31 March 2015. The loss is mainly attributable to losses associated with disposal of subsidiaries, the impairment loss on goodwill, loss arising from changes in fair value less costs of disposal of biological assets, equity-settled share-based payment expenses, fair value loss on derivative financial instruments (included in loss for the year from discontinued operation) and general operating expenses, which were not offset by fair value gains arising from equity investments at fair value through profit or loss as at the fiscal year end date.

The Group's revenue from continuing operations for the year amounted to approximately HK$3,797,000 compared to last year's revenue of approximately HK$12,004,000. Details of the breakdown of the revenue can be seen in note 6 to the consolidated financial statements.

On the expenses side, the level of total operating expenses from continuing operations increased this year mainly due to recognition of equity-settled share-based payment expenses of HK$40,150,000 and increase in impairment loss on goodwill from approximately HK$3,720,000 in the last year to approximately HK$42,552,000 in the current year. Employee benefit expenses, amortisation, depreciation and minimum lease payments under operating leases in respect of land and buildings from continuing operations decreased from last year's sum of approximately HK$36,474,000 to approximately HK$34,807,000 this year. Finance costs decreased from last year's figure of approximately HK$39,083,000 to approximately HK$1,561,000 this year.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is an investment holding company and with its subsidiaries engaged in the following major lines of business during the fiscal year ended 31 March 2015.

a) **Investment in Listed Securities**

The Group's securities portfolio reported a net realised loss on sale of investments at fair value of approximately HK$8 million for the year ended 31 March 2015. In addition, there was an unrealised net fair value gain on investment at fair value through profit or loss of approximately HK$42 million as at 31 March 2015.

b) **Money Lending Business**

The Group's wholly owned subsidiary that engaged in money lending business recorded a positive result for the year ended 31 March 2015. On 29 August 2014 the subsidiary was sold and a new subsidiary was formed to take up the business, for which a license was granted on 18 December 2014. As of 31 March 2015, the Group had an authorised banking facility with a total amount of HK$300 million which is intended to be utilized to fund its future money lending activities and is unissued as at 31 March 2015.

c) **Investment Holding**

The Group holds an unlisted investment at fair value in the amount of approximately HK$340.8 million as at 31 March 2015. The shareholding in this unlisted investment represents an equity interest of 6.18% in the investee.

d) **Chinese Medicine Clinic operation (now discontinued)**

The Group's operation in the traditional Chinese Medicine industry through the HON Chinese Medicine Clinic ran for approximately three years. After considering the continuous losses incurred, the Group sold the Chinese Medicine Clinic operation in November 2014. The results of Chinese Medicine Clinic operation are classified as a discontinued operation during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

e) Investment in Forest Interest in the PRC

At 31 March 2015 the Group owned a group of companies whose principal asset is forestlands with a total area of 63,035.29 mu located in Qinglong Manchu Autonomous County of Hebei Province, the PRC. The Group recognised prepaid lease payments, favourable lease asset, goodwill and biological assets as the major non-current assets on its books after the acquisition in prior years.

Both prepaid lease payments and the favourable lease are amortised on a straight-line basis over the remaining term of the lease of the Forestlands. During the year ended 31 March 2015, the Group recognised aggregate losses arising from the major non-current assets of approximately HK$70 million. This represents the combined effect of amortisation of the prepaid lease payments and the favourable lease asset on a straight-line basis over the remaining term of the lease which will terminate in 2057, plus the impairment of goodwill and loss arising from changes in fair value less costs of disposal of biological assets.

As disclosed in note 42 to the consolidated financial statements, the Group has entered into a sales and purchase agreement dated 21 May 2015 with Trillion Cheer Toprich Limited, an independent third party of the Group, in relation to the sale of the entire interest in Gold Mountain Limited, a wholly owned subsidiary of the Group, at a consideration of HK$720 million.

PROSPECT

In addition to its continued involvement in investments in listed and unlisted securities and money lending, the Group intends to expand into a variety of financial services serving PRC markets. On 8 April 2015 the Group entered into a sales and purchase agreement with a company that provides financial leasing services, including a financial leasing transaction services platform (O2O) with cross-border Renminbi business products and integrated financial products; it also provides leasing transactions consultation services, guarantees, factoring business and other related businesses. The Group has also entered into a memorandum of understanding to acquire a company in the field of online and offline automobile sales and financing related services in the PRC. The Group is also actively seeking other acquisitions in the area of financial services in the PRC, and believes this industry will have a bright future and will increase shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the Group's total assets and borrowings were HK$1,644,249,000 and HK$29,316,000, respectively. Borrowings represented margin loans on share purchases and other loans and bonds. The margin and other loans have no fixed term of repayment and carry contractual and effective interest of 8% and 1.3% per annum respectively. Bonds carried fixed rate interest of 5% per annum. Borrowings were denominated in Hong Kong dollars, and thus there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was approximately 1.8%.

During the year, the Company also issued a 5% unsecured seven-year straight bond with principal amount of HK$10 million to an independent third party. The final maturity of the bond issued is in the year 2021.

On 18 July 2014, the Company announced that the Board proposed a bonus issue on the basis of one bonus issue for every two existing shares held by members of the Company on the register of members on 26 August 2014. Further details of the bonus issue are set out in the Company's circular dated 1 August 2014 and the Company's announcement date 18 July 2014.

On 16 December 2014, the Company announced that the Board proposed to implement a share subdivision on the basis that each issued and unissued share of par value HK$0.001 each in the share capital of the Company was subdivided into four subdivided shares of par value HK$0.00025 each. Further details of the share subdivision are set out in the Company's circular dated 6 January 2015 and the Company's announcement dated 16 December 2014.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Save as disclosed in note 34 to the consolidated financial statements the Group had no material acquisitions or disposal of subsidiaries during the year ended 31 March 2015.

CURRENCY RISK MANAGEMENT

The Group's transactions are mainly denominated in Hong Kong dollars and Renminbi ("RMB"). The majority of the Group's cash and bank balances are also denominated in these two currencies. During the year ended 31 March 2015, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. Accordingly, the Group has not implemented any foreign currency hedging policy at the moment. However, the management of the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2015, the Group had an available workforce including directors of the Company, of 26, of which 11 were based in the PRC. Staff costs incurred and charged to profit or loss for the year, including directors' remuneration but excluding estimated value of a director's living quarters plus related charges borne by the Group and equity-settled share-based payment expenses, was approximately HK$10.9 million (2014: HK$11.7 million).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong and the employees of the Group's subsidiaries in PRC are required to participate in a central government pension scheme operated by the local municipal government.

PLEDGE OF ASSETS

At the end of the reporting period, the Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 was pledged as a security for margin and other loans advanced by a financial institution. The amount of investments in listed equity securities with carrying value of approximately HK$10,891,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilised as at the end of the reporting period.

At 31 March 2015, the entire share capital of Shengyuan Investments Management Services (Tianjin) Co. Limited, a wholly-owned subsidiary of the Company, amounting to approximately HK$9,001,000 has been pledged to a bank in Hong Kong to secure a proposed facility granted to the Group. Such banking facility had been authorised but was unissued at 31 March 2015.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Company had no material major contingent liabilities as at 31 March 2015 (2014: HK$31,500,000).

Save as disclosed below, the Group has no material capital commitment as at 31 March 2015.

Pursuant to an approval from the relevant government authority in the PRC on 13 February 2015, the registered capital of a subsidiary in the PRC was authorised to increase by approximately HK$2,000,000. The Group fully injected the additional capital contribution on 29 May 2015.

PROFILE OF THE MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Yau Wai Lung, aged 43, is chairman of the nomination committee of the Company. He has rich experience in project investment and management in Hong Kong and China. Mr. Yau held a number of senior business development roles in major corporations and, during his tenure with these corporations, Mr. Yau was involved in a number of cross-border business projects and he was responsible for the investment and management of these projects.

Dr. Jonathan Ross, aged 68, is a member of the remuneration committee of the Company. He has 25 years' experience in corporate and commercial law, both as a US attorney and a Hong Kong solicitor, and also has considerable experience working in the PRC. His extensive experience covers semiconductors, securities, banking, insurance, finance, compliance, capital markets, private equity and investment. Mr. Ross has worked in China, Hong Kong and in other areas of Asia, on a variety of corporate finance, capital markets and debt restructuring matters. Prior to joining the Company, Mr. Ross worked at UTAC Hong Kong Limited, and before that at Bank of China (Hong Kong) Limited and the US law firm of Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Ross was selected by Asialaw magazine as Asian and Hong Kong In-House Counsel of the Year in 2005. He is also a founding member and key member of executive committee of the Hong Kong Corporate Counsel Association. Mr. Ross has a BSc (Honors) and a Master's degree in Physics, a Ph.D degree in Anthropology and a JD degree.

Mr. Ma Chao (appointed on 22 April 2015), aged 32, graduated from Beijing Jiaotong University. Mr. Ma has extensive experience in finance and wealth management. Mr. Ma is currently the chairman of 華信財富管理有限公司 (Huaxin Wealth Management Company Limited). Prior to his current position, Mr. Ma served as executive president of 湖南信託有限責任公司 (Hunan Trust Company Limited) and managing director of 中誠信財務顧問有限公司 (Zhongchengxin Financial Advisory Company Limited).

PROFILE OF THE MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. To Shing Chuen, aged 64, is a member of the audit committee, remuneration committee and nomination committee of the Company. He has a Bachelor's of Arts degree and has over 20 years' experience in trading, garment and leather fields. Mr. To is currently an independent non-executive director of Qualipak International Holdings Limited (Stock Code: 1332), which is a publicly listed company in Hong Kong.

Mr. Chung Yuk Lun, aged 54, is chairman of the audit committee of the Company. He has over 20 years' experience in the finance and accounting field. Mr. Chung is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountant (England and Wales). He is an executive director and chairman of Mascotte Holdings Limited (stock code: 136), and an independent non-executive director of Forefront Group Limited (stock code: 885) and Freeman Financial Corporation Limited (stock code: 279), all of which are publicly listed companies in Hong Kong. Mr. Chung was formerly an executive director of O Luxe Holdings Limited (Stock Code: 860) from February 2002 to September 2013. He was the chairman and an executive director of Eagle Ride Investment Holdings Limited (previously known as Radford Capital Investment Limited) (Stock Code: 901) from October 2002 to November 2013. He was also an independent non-executive director of Dragonite International Limited (Stock Code: 329) from April 2010 to September 2014. All of the above are publicly listed companies in Hong Kong.

Mr. Cheung Wing Ping, aged 48, is chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. He has over 20 years of experience in auditing and accounting fields. He holds a Bachelor's degree in Accountancy with honours from City University of Hong Kong and is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is currently an independent non-executive director of Freeman Financial Corporation Limited (Stock Code: 279) and Enerchina Holdings Limited (Stock Code: 622) and executive director of Willie International Holdings Limited (Stock Code: 273), all of which are publicly listed companies in Hong Kong. Mr. Cheung was formerly an executive director of Eagle Ride Investment Holdings Limited (previously known as Radford Capital Investment Limited) (Stock Code: 901) from June 2011 to November 2013 and an independent non-executive director of Willie International Holdings Limited (Stock Code: 273) from October 2009 to June 2013, all of which are publicly listed companies in Hong Kong.

PROFILE OF THE MANAGEMENT

SENIOR MANAGEMENT

Mr. Tong Wai Kit, is the chief financial officer of the Group, responsible for the Group's overall financial reporting and management. He has over 18 years of experience in finance, investment analysis, investor relationship, audit and financial reporting and management. Prior to this, he has served various listed companies as chief financial officer for over nine years. Mr. Tong has acted as a financial analyst of ICEA Securities Asia Limited and Shenyin Wanguo Securities (H.K.) Limited, and has served in the audit department of KPMG, an international accounting firm. He graduated from Hong Kong Polytechnic University and obtained a Bachelor of Arts degree in Accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

Mr. Lau Yau Chuen Louis, is the Deputy CFO and the company secretary of the Company. Mr. Lau has 15 years financial reporting, audit and compliance experiences gained from international CPA firms and listed company. Mr. Lau was formerly an executive director and financial controller of Artini China Co. Ltd. (stock code: 789) from May 2010 to July 2011. He graduated from City University of Hong Kong and is a member of the Association of Chartered Certified Accountants.

REPORT OF THE DIRECTORS

The directors herein present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 44 to the consolidated financial statements. During the financial year the Group also disposed of equity securities and many of its operating subsidiaries, including those holding property, a Chinese medicine clinic, and a money lending operation. Further details of the disposals of subsidiaries are set out in note 34(a) to the consolidated financial statements. Going forwards, the Group intends to focus on providing financial services to clients in Hong Kong and the PRC.

RESULTS AND DIVIDENDS

The Group's loss for the financial year ended 31 March 2015 and the state of affairs of the Company and of the Group at that date are set out in the consolidated financial statements on pages 31 to 159.

The directors do not recommend the payment of any dividend in respect of the financial year.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out on page 160. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

BONDS, SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's bonds, share capital and share options during the financial year are set out in notes 29(c), 31 and 32 to the consolidated financial statements, respectively.

PRE-EMPTIVE RIGHTS

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

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

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

RESERVES

Details of movements in the reserves of the Company and of the Group during the financial year are set out in note 33(b) to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

Under the Bermuda Companies Act 1981, the Company's contributed surplus of HK$1,524,577,000 may be distributed under certain circumstances. Other than the contributed surplus, the Company does not have any reserves available for distribution in accordance with the Bermuda Companies Act 1981 as at 31 March 2015. In addition, the Company's share premium account of HK$1,649,764,000 as at 31 March 2015 may be distributed in the form of fully paid bonus shares. Details of the share premium account and reserves are set out in note 33 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 March 2015, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue. The Group has insignificant amount of purchases. In the opinion of the board of directors, it is therefore of no value to disclose details of the Group's suppliers.

DIRECTORS

The directors of the Company during the financial year ended 31 March 2015 and up to the date of this report were:

Executive Directors

Dr. Kwong Kai Sing, Benny *(resigned on 7 August 2014)*
Mr. Ong, Peter *(resigned on 9 January 2015)*
Mr. Chow Chi Wah, Vincent *(resigned on 6 October 2014)*
Ms. Chen Wei *(resigned on 6 October 2014)*
Mr. Yau Wai Lung *(appointed on 19 August 2014)*
Dr. Jonathan Ross *(appointed on 6 October 2014)*
Mr. Ma Chao *(appointed on 22 April 2015)*

Independent Non-executive directors

Mr. Chung Yuk Lun
Mr. To Shing Chuen
Mr. Ha Kee Choy, Eugene *(resigned on 17 April 2015)*
Mr. Lo Wong Fung, *JP (resigned on 18 August 2014)*
Mr. Cheung Wing Ping *(appointed on 17 April 2015)*

REPORT OF THE DIRECTORS

In accordance with Bye-law 91 of the bye-laws of the Company, Mr. Yau Wai Lung, an executive director appointed by the board of directors of the Company (the "Board") since 19 August 2014, Dr. Jonathan Ross, an executive director appointed by the Board since 6 October 2014, Mr. Ma Chao, an executive director appointed by the Board since 22 April 2015, and Mr. Cheung Wing Ping, an independent non-executive director appointed by the Board since 17 April 2015, shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

In accordance with Bye-law 99(B) of the bye-laws of the Company, Mr. To Shing Chuen, an independent non-executive director, shall retire from office by rotation at the forthcoming annual general meeting.

Mr. Yau Wai Lung, Dr. Jonathan Ross, Mr. Ma Chao, Mr. To Shing Chuen and Mr. Cheung Wing Ping, being eligible, will offer themselves for re-election as directors of the Company at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the financial year.

CONNECTED TRANSACTIONS

During the period, the Group had the following transactions with a connected person:

On 11 August 2014, Coupeville Limited ("Coupeville"), a wholly-owned subsidiary of the Company, entered into an agreement with Sun Metro Global Limited ("Sun Metro"), a company wholly-owned by Dr. Kwong Kai Sing, Benny ("Dr. Kwong"), a former chairman and executive director of the Company, pursuant to which Coupeville agreed to sell and Sun Metro agreed to purchase the entire interest in Golden Victory for a cash consideration of approximately HK$41,000,000. Golden Victory Holdings Limited ("Golden Victory Group") principally held a property used by Dr. Kwong. The transaction was completed on 19 September 2014.

On 28 August 2014, Coupeville entered into an agreement with Sun Metro to dispose the entire interest in Heritage International Finance Limited, which was principally engaged in money lending business, for a cash consideration of approximately HK$100,000. The transaction was completed on 29 August 2014.

Sun Metro is wholly-owned by Dr. Kwong and therefore is a connected person of the Company as defined under the Listing Rules. As such, the transactions with Sun Metro constitute connected transactions of the Company but were exempted from independent shareholders' approval requirements. However, the disposal of the entire interest in Golden Victory Group is subject to reporting and announcement requirements, which details are set out in the Company's announcement dated 11 August 2014. The disposal of the entire interest in Heritage Finance is not subject to reporting and announcement requirements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2015, no directors held long or short positions in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") except as follows:

Long Position

Ordinary shares of HK$0.00025 each of the Company

Name of Director	Capacity in which such interest was held	Number of issued ordinary shares held	Number of underlying shares held	Approximate percentage of issued share capital of the Company as at 31 March 2015
Mr. Yau Wai Lung	Beneficial interest in share options	–	169,400,000 *(Note)*	1.00%

Note: Such share options were granted by the Company under the share option scheme adopted on 18 August 2014.

Save as disclosed above, as at 31 March 2015, none of the directors had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share options granted to Mr. Yau Wai Lung under the share option scheme as disclosed above and in note 32 to the consolidated financial statements, at no time during the financial year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any other directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARE CAPITAL

As at 31 March 2015, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long position

Ordinary shares of HK$0.00025 each of the Company

Name	Capacity in which such interest was held	Number of shares interested	Approximate percentage of issued share capital of the Company as at 31 March 2015
Hao Tian Management (Hong Kong) Limited	Directly beneficially owned	4,891,500,000 *(Note 1)*	28.87%
Win Team Investments Limited	Through controlled corporation	4,891,500,000 *(Note 1)*	28.87%
Hao Tian Development Group Limited	Through controlled corporation	4,891,500,000 *(Note 1)*	28.87%
Skytop Technology Limited	Directly beneficially owned	1,662,330,000 *(Note 2)*	9.81%
CST Mining Group Limited	Through controlled corporation	1,662,330,000 *(Note 2)*	9.81%
Century Golden Resources Investment Co Ltd	Directly beneficially owned	1,620,000,000 *(Note 3)*	9.56%
Huang Rulun	Through controlled corporation	1,620,000,000 *(Note 3)*	9.56%

REPORT OF THE DIRECTORS

Name	Capacity in which such interest was held	Number of shares interested	Approximate percentage of issued share capital of the Company as at 31 March 2015
Freeman Financial Corporation Limited	Through controlled corporation	1,241,802,352 *(Note 4)*	7.33%
Freeman Financial Investment Corporation	Through controlled corporation	1,241,802,352 *(Note 4)*	7.33%
Freeman Corporation Limited	Through controlled corporation	1,241,802,352 *(Note 4)*	7.33%
Ambition Union Limited	Through controlled corporation	1,241,802,352 *(Note 4)*	7.33%
Freeman United Investments Limited	Through controlled corporation	1,241,802,352 *(Note 4)*	7.33%

Notes:

1. Based on the filings under the SFO, Hao Tin Management (Hong Kong) Limited is wholly-owned by Win Team Investments Limited, which is wholly-owned by Hao Tin Development Group Limited.

2. Based on the filings under the SFO, Skytop Technology Limited is wholly-owned by CST Mining Group Limited.

3. Based on the filings under the SFO, Century Golden Resources Investment Co Ltd is wholly-owned by Mr. Huang Rulun.

4. Based on the filings under the SFO, Freeman United Investments Limited, holding 1,241,802,352 shares of the Company through FU Securities Limited and Dynastic Union Limited, is wholly-owned by Ambition Union Limited, which is owned by Freeman Corporation Limited and Freeman United Investments Limited in the ratio of 24% and 76% respectively. Freeman Corporation Limited is wholly-owned by Freeman Financial Investment Corporation, which is wholly-owned by Freeman Financial Corporation Limited. Smart Jump Corporation, directly beneficially holding 830,802,352 shares of the Company, is wholly-owned by FU Securities Limited. Freeman Securities Limited, directly beneficially holding 411,000,000 shares of the Company, is wholly-owned by Dynastic Union Limited.

REPORT OF THE DIRECTORS

Save as disclosed above, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE END OF THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 42 to the consolidated financial statements.

AUDITOR

Messr. Graham H.Y. Chan & Co. were appointed as auditor of the Company on 11 November 2013 following the resignation of Ernst & Young who acted as auditor of the Company until 8 November 2013. Apart from this, there was no change in auditors of the Company in any of the preceding three years.

Messr. Graham H.Y. Chan & Co. will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Mr. Lau Yau Chuen, Louis
Company Secretary

Hong Kong
26 June 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of transparency and accountability, and believes that shareholders can benefit from good corporate governance. The Company has adopted the Corporate Governance Code contained in Appendix 14 (the "Code") to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own corporate governance code. The Company aims to achieve good standard of corporate governance, thus during the year the Company has complied with most of the code provisions ("Code provisions") as set out in the Code for the year ended 31 March 2015 except for Code provision A.2.1 in respect of the role separation of the chairman and the chief executive officer; Code provision A.4.1 in respect of the service term of non-executive directors ("NEDs"); Code provision A.6.7 in respect of attendance by independent non-executive directors ("INEDs") at the annual general meeting ("AGM") of the Company and Code provision D.1.4 in respect of the letters of appointment for directors. Any deviation from the Code Provisions will be explained in this report. The Company aims to comply with all the Code Provisions and will review and update the current practices of the corporate governance regularly in order to achieve the aims.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding director's securities transactions. Having made specific enquiry of all directors, all directors confirmed that they had complied with the required standard set out in the Model Code during the year ended 31 March 2015.

BOARD OF DIRECTORS

The Board comprised five Directors, including two executive directors and three INEDs on 31 March 2015:

Executive Directors

Mr. Yau Wai Lung

Dr. Jonathan Ross

Independent Non-Executive Directors

Mr. To Shing Chuen

Mr. Chung Yuk Lun

Mr. Ha Kee Choy, Eugene

CORPORATE GOVERNANCE REPORT

The Board is collectively responsible for formulating and implementing the Group's strategies and policies, monitoring the performance of the Group and reviewing the corporate governance practices. The members of the Board are experienced individuals having a mix of core competencies in areas of accounting and finance, business management, law, industry knowledge and marketing strategies. Biographical details of all Directors are set out on pages 9 to 10 of this annual report. The mix of professional skills and experience of the INEDs is an important element in the proper functioning of the Board. Their participation in Board and committee meetings brings independent judgment and helps to ensure that adequate checks and balances are provided and that the interests of all shareholders are taken into account. Directors have full access to appropriate business documents and information about the Group on a timely basis. The Directors can also obtain independent professional advice at the Group's expense if they require it. The Board delegates the day-to-day operation and administration to the management and to the executive committee.

The Company has complied with rules 3.10 (1) and (2) of the Listing Rules in maintaining at all times sufficient number of INEDs on the Board including an INED with professional accounting and financial qualifications. The Company has complied with rule 3.10A and has INEDs representing at least one third of the Board. The Company considers all of the INEDs are independent and has received from each INED an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules.

None of the Directors has any financial, business, family or other material/relevant relationships with each other except that Mr. Chung Yuk Lun and Mr. Cheung Wing Ping were both independent non-executive directors of Freeman Financial Corporation Limited as at 31 March 2015.

CORPORATE GOVERNANCE REPORT

For the year ended 31 March 2015, there were a total of twenty Board meetings and four general meetings held. The attendance of each of the Directors during their period of office is as follows:

Name of Directors	**Attendance** *(Note)*	
	Board meeting	**General meeting**
Executive Directors		
Dr. Kwong Kai Sing, Benny (resigned on 7 August 2014)	2/4	0/0
Mr. Ong, Peter (resigned on 9 January 2015)	17/17	1/3
Mr. Chow Chi Wah, Vincent (resigned on 6 October 2014)	12/12	3/3
Ms. Chen Wei (resigned on 6 October 2014)	9/11	3/3
Mr. Yau Wai Lung (appointed on 19 August 2014)	11/14	2/2
Dr. Jonathan Ross (appointed on 6 October 2014)	7/8	1/1
Independent Non-Executive Directors		
Mr. To Shing Chuen	6/20	0/4
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	4/20	0/4
Mr. Chung Yuk Lun	8/20	3/4
Mr. Lo Wong Fung, *JP* (retired on 18 August 2014)	1/5	0/2

Note:

The denominator is the number of meetings held within term of office of each director of the Company for the year ended 31 March 2015.

Code Provision A.6.7 stipulates that INEDs and other NEDs should attend general meetings of the Company. Three INEDs were unable to attend the annual general meeting held on 18 August 2014 due to overseas commitments or other prior business engagements.

ACCOUNTABILITY AND INTERNAL CONTROL

The Directors acknowledge their responsibility for the preparation of financial statements of the Group that give a true and fair view of the Group's financial position and are in accordance with applicable accounting standards and statutory rules and guidelines. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue on a going concern basis. The statement by the external auditor of the Company about their reporting responsibilities is set out in the Independent Auditor's Report contained in this annual report. The Board recognizes its overall responsibility for the establishment, maintenance and review of a system of internal control that provides reasonable assurance on the reliability and integrity of financial and operational information, effective and efficient operations, safeguarding of assets and compliance with laws and regulations. The system of internal control which is reviewed annually by the Board is designed to manage rather than eliminate all risks of failure while its goal is to provide reasonable, not absolute, assurance regarding the achievement of organizational objectives.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive officer should be clearly established and set out in writing. Dr. Kwong Kai Sing, Benny, assumed the roles of both chairman and chief executive officer of the Company, and was in charge of the overall management of the Company until he resigned on 7 August 2014. The Company considered that the combination of the roles of chairman and chief executive officer could promote the efficient formulation and implementation of the Company's strategies which enabled the Group to grasp business opportunities efficiently and promptly. The Company considered that through the supervision of its Board and its INEDs, a balancing mechanism existed so that the interests of the shareholders were adequately and fairly represented.

Since the resignation of Dr. Kwong Kai Sing, Benny, the Company has not appointed either a chairman nor a chief executive officer. Mr. Yau Wai Lung, an executive director, has been primarily responsible for the leadership of the Board and overall management and operation of the Company since he was appointed as the executive director on 19 August 2014. The Company understands the importance of complying with Code Provisions and it is also the Company's aim to comply with all the Code Provisions. The nomination committee of the Company is still seeking suitable candidates to fill the casual vacancy of chairman and chief executive officer in order to comply with the Code Provision A.2.1.

NON-EXECUTIVE DIRECTORS

Although not less than one-third of the Directors of the Company (both executive and non-executive) are subject to retirement by rotation at the Company's annual general meeting (Code Provision A.4.2 requires every director should be subject to retirement by rotation at least once every three years (the "Rotation Period Restriction")) as specified by the Company's bye-laws, they are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

FORMAL LETTERS OF APPOINTMENT FOR DIRECTORS

Code provision D.1.4 sets out that issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have formal letters of appointment for any of the INEDs. All of the directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non- Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors of the Company. In the opinion of the directors, this meets the objective of the Code provision D.1.4.

DIRECTOR'S CONTINUOUS PROFESSIONAL DEVELOPMENT

Code provision A.6.5 stipulates that all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company had received from each of the directors a confirmation of training they received during the year ended 31 March 2015. A summary of such training is listed as follows:

Name of Director	**Type of training**
Executive Directors	
Dr. Kwong Kai Sing, Benny (resigned on 7 August 2014)	II
Mr. Ong, Peter (resigned on 9 January 2015)	II
Mr. Chow Chi Wah, Vincent (resigned on 6 October 2014)	II
Ms. Chen Wei (resigned on 6 October 2014)	II
Mr. Yau Wai Lung (appointed on 19 August 2014)	I & II
Dr. Jonathan Ross (appointed on 6 October 2014)	I & II
Mr. Ma Chao (appointed on 22 April 2015)	N/A
Independent Non-Executive Directors	
Mr. Chung Yuk Lun	II
Mr. To Shing Chuen	II
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	II
Mr. Lo Wong Fung, JP (retired on 18 August 2014)	II
Mr. Cheung Wing Ping (appointed on 17 April 2015)	N/A

I: Attending training courses and/or seminars conferences.

II: Reading journals and updates relevant to the Company's business or directors' duties and responsibilities.

The directors will continue to attend training that may be required from time to time keeping abreast with the latest changes in laws, regulations and the business environment.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Company has established a remuneration committee since 8 March 2006. The principal function of the remuneration committee is to make recommendations to the Board on the remuneration packages of individual executive and senior management. The terms of reference of the remuneration committee adopted on 26 March 2012 are consistent with the Code provisions set out in the Code. For the year ended 31 March 2015 and up to the date of this report, the remuneration committee comprised INEDs, namely, Mr. To Shing Chuen, Mr. Cheung Wing Ping (appointed as member on 17 April 2015 and appointed as chairman on 26 June 2015) and Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015), and executive directors, Dr. Jonathan Ross (appointed on 6 October 2014) and Dr. Kwong Kai Sing, Benny (resigned on 7 August 2014). For the year ended 31 March 2015, the committee reviewed and made recommendations to the Board on the remuneration packages of the directors with reference to the level of responsibilities of the individual director, the scope of operation of the Group as well as the prevailing market conditions. For the year ended 31 March 2015, individual attendance of each remuneration committee member was as follows:

Name of remuneration committee member	**Attendance** *(Note)*
Mr. Cheung Wing Ping *(INED)* (appointed on 17 April 2015) (appointed as chairman of the remuneration committee on 26 June 2015)	N/A
Mr. To Shing Chuen *(INED)*	1/1
Dr. Jonathan Ross *(Executive Director)* (appointed on 6 October 2014)	0/0
Mr. Ha Kee Choy, Eugene *(INED)* (resigned on 17 April 2015)	1/1
Dr. Kwong Kai Sing, Benny *(Executive Director)* (resigned on 7 August 2014)	1/1

Note:

The denominator is the number of meetings held within term of office of each remuneration committee member for the year ended 31 March 2015.

Remuneration of directors and senior management

The remuneration of the directors and the members of senior management of the Company for the year ended 31 March 2015 by band is set out below:

	Number of Individuals
Nil – HK$1,000,000	8 *(Note 1)*
HK$1,000,001 – HK$1,500,000	1 *(Note 2)*
HK$1,500,001 – HK$2,000,000	1 *(Note 3)*
HK$41,000,000 – HK$41,500,000	1

Notes:

1. *Four directors and senior management resigned and one director retired during the year ended 31 March 2015.*
2. *The director resigned during the year ended 31 March 2015.*
3. *The director resigned during the year ended 31 March 2015.*

Further particulars in relation to directors' remuneration and the five highest paid employees as required to be disclosed pursuant to appendix 16 to the Listing Rules are set out in notes 9 and 10, respectively, to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The principal function of the nomination committee is 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 Group's corporate strategy. New directors, being individuals who are suitably qualified and expected to make a positive contribution to the performance of the Board having regard to the individuals' skills, experience, professional knowledge and time commitments as well as the balance of skills and experience appropriate to the Company's business, are identified and submitted to the Board or shareholders for approval either to fill vacancies on the Board or to be appointed as additional directors. The terms of reference of the nomination committee are consistent with the Code provisions set out in the Code. For the year ended 31 March 2015 and up to the date of this report, the nomination committee comprised INEDs, namely, Mr. To Shing Chuen, Mr. Cheung Wing Ping (appointed on 17 April 2015) and Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015), and executive directors, Mr. Yau Wai Lung (appointed as chairman on 26 June 2015) and Dr. Kwong Kai Sing, Benny (resigned on 7 August 2014). For the year ended 31 March 2015, the nomination committee reviewed the composition of the Board and assessed the independence of the INEDs. For the year ended 31 March 2015, individual attendance of each nomination committee member was as follows:

Name of nomination committee member	**Attendance** *(Note)*
Mr. Yau Wai Lung *(Executive Director)* (appointed on 19 August 2014) (appointed as chairman of the nomination committee on 26 June 2015)	0/0
Mr. Cheung Wing Ping *(INED)* (appointed on 17 April 2015)	N/A
Mr. To Shing Chuen *(INED)*	1/1
Mr. Ha Kee Choy, Eugene *(INED)* (resigned on 17 April 2015)	1/1
Dr. Kwong Kai Sing, Benny *(Executive Director)* (resigned on 7 August 2014)	1/1

Note:

The denominator is the number of meetings held within term of office of each nomination committee member for the year ended 31 March 2015.

AUDIT COMMITTEE

The Company has established an audit committee since 2001.

For the year ended 31 March 2015 and up to the date of this report, the audit committee comprised INEDs, namely Mr. Lo Wong Fung, *JP* (retired on 18 August 2014), Mr. Ha Kee Choy, Eugene (replaced on 17 April 2015 by Mr. Cheung Wing Ping), Mr. To Shing Chuen and Mr. Chung Yuk Lun (appointed as chairman of the audit committee on 26 June 2015). Mr. Ha, Mr. Cheung and Mr. Chung possess appropriate professional accounting qualifications. Code Provision C.3.3 requires the terms of reference of the audit committee should include certain minimum duties. The terms of reference of the audit committee were adopted on 28 April 2004 and revised on 26 March 2013 to include all the duties set out in the Code Provision C.3.3, which among other things include reviewing financial statements of the Company. Any findings and recommendations of the Audit Committee are to be submitted to the Board for consideration.

CORPORATE GOVERNANCE REPORT

The audit committee is authorized by the Board to investigate any activity within its terms of reference. It is authorized to seek any information it requires from any employee. It is also authorized to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

For the year ended 31 March 2015, individual attendance of each audit committee member was as follows:

Name of audit committee member	**Attendance** *(Note)*
Mr. Chung Yuk Lun (appointed as chairman of the audit committee on 26 June 2015)	2/2
Mr. To Shing Chuen	2/2
Mr. Ha Kee Choy, Eugene (resigned on 17 April 2015)	2/2
Mr. Cheung Wing Ping (appointed on 17 April 2015)	N/A
Mr. Lo Wong Fung, *JP* (retired on 18 August 2014)	1/1

Note:

The denominator is the number of meetings held within term of office of each audit committee member for the year ended 31 March 2015.

During the meetings, the audit committee reviewed the report from the external auditor regarding their audit on annual financial statements and reviewed the interim financial information.

AUDITOR'S REMUNERATION

During the year ended 31 March 2015, fees paid to the Company's external auditor for non-audit services amounted to approximately HK$125,000 for the review of the Group's interim financial information certifying the adjustments to exercise price and number of share options in connection with share subdivision, and audit disbursement.

The audit fee for the year 2015 was HK$830,000.

The statement of the auditor of the Company regarding auditor's reporting responsibilities is set out in the Independent Auditor's Report on pages 29 to 30 of this annual report.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The directors are responsible for performing the corporate governance duties as set out below:

To develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

To review the Company's compliance with the Code and its disclosure requirements in the Corporate Governance Report;

To develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors;

To review and monitor the training and continuous professional development of directors.

The Board has reviewed the Group's policies and practices on corporate governance practices and compliance with legal and regulatory requirements including compliance with the Code for the year ended 31 March 2015.

COMPANY SECRETARY

Mr. Chow Chi Wah, Vincent, Company Secretary of the Company since 3 December 2004, resigned on 6 October 2014 and was replaced by Mr. Mak Hing Keung, Thomas. Mr. Mak resigned on 11 May 2015 for personal reasons, and was replaced by Mr. Lau Yau Chuen, Louis. Messrs. Chow, Mak and Lau have all complied with the relevant qualification and training requirements under the Listing Rules.

SHAREHOLDERS' RIGHTS

Shareholders' Enquiries

Shareholders are encouraged to maintain direct communication with the Company. Shareholders who have any questions for the Board may write directly to the Company Secretary at the Company's Hong Kong principal place of business at 29/F, China United Centre, 28 Marble Road, North Point, Hong Kong, or they may send emails to info@heritage.com.hk. The Company Secretary will direct the questions to the Board.

Shareholder's Meetings

Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings if they are unable to attend in person.

The procedure of the Company's general meetings will be monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that shareholders' needs are best served.

Board members, in particular, members of Board committees, appropriate management executives and the external auditor will attend AGMs to answer shareholders' questions.

Should shareholders wish to call a special general meeting, it must be convened according to the Company's Bye-laws. In summary:

(a) Shareholders holding not less than one-tenth of the paid up capital of the Company can, in writing to the Board or the Company Secretary, request a special general meeting to be called by the Board to transact any business specified in such request.

(b) The signed written request, which should specify the purpose of the meeting, should be delivered to the Company's principal place of business in Hong Kong. The meeting will be held within 21 days after receipt of the request. If the Board fails to proceed to convene such meeting within twenty-one days after receiving the request, the shareholders themselves representing more than on half of the total voting rights may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company aims to maintain good relationships with shareholders and investors, and to enhance the transparency of its business operations. The Company disseminates information in respect of its business operations to investors and shareholders through publishing interim reports, annual reports and announcements that are sent to shareholders in hard copy. This and other information can also be found on the Company's website.

INVESTOR RELATIONS

Constitutional Documents

There was no significant change of the Company's Memorandum of Association and Bye-laws ("Constitutional Document") for the year ended 31 March 2015. A latest version of the Constitutional Documents can be downloaded from the websites of the Company and the Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

GRAHAM H.Y. CHAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)
HONG KONG

To the shareholders of Heritage International Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Heritage International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 159, which comprise the consolidated and Company's statements of financial position as at 31 March 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (continued)

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 auditors' 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 auditors consider 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.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Graham H. Y. Chan & Co.
Certified Public Accountants (Practising)

Hong Kong

26 June 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000 (restated)
Continuing operations			
REVENUE	6	**3,797**	12,004
Other income		**167**	381
Loss arising from changes in fair value less costs of disposal of biological assets	19	**(9,936)**	–
Impairment loss on property, plant and equipment	16	**–**	(6,654)
Impairment loss on goodwill	18	**(42,552)**	(3,720)
Losses arising from changes in fair value of investment properties, net	20	**–**	(2,150)
Fair value gains on investments at fair value through profit or loss, net	7	**33,907**	385,433
Fair value gains on conversion options embedded in a convertible bond	23	**–**	331
Loss on disposal of subsidiaries	34(a)	**(1,455)**	(500)
Employee benefit expenses		**(9,502)**	(9,198)
Equity-settled share-based payment expenses	32	**(40,150)**	–
Depreciation		**(1,683)**	(4,521)
Amortisation			
• prepaid lease payments		**(1,075)**	(1,066)
• intangible assets		**(16,377)**	(16,364)
Minimum lease payments under operating leases in respect of land and buildings		**(6,170)**	(5,325)
Other expenses		**(10,143)**	(26,021)
Finance costs	8	**(1,561)**	(39,083)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	7	**(102,733)**	283,547
Income tax credit	11	**1,298**	4,091
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(101,435)**	287,638
Discontinued operation			
Loss for the year from discontinued operation	12	**(27,292)**	(6,613)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	13	**(128,727)**	281,025

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000 (restated)
(LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
From continuing and discontinued operations			
Basic and diluted	15	**HK(0.76) cents**	HK1.76 cents
From continuing operations			
Basic and diluted	15	**HK(0.60) cents**	HK1.80 cents
From discontinued operation			
Basic and diluted	15	**HK(0.16) cents**	HK(0.04) cents

Details of dividend payable to owners of the Company are set out in note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
(LOSS)/PROFIT FOR THE YEAR		**(128,727)**	281,025
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of financial statements of foreign operations		**630**	(3,328)
Available-for-sale investments:			
Reclassification adjustments for gains included in the consolidated income statement upon disposal of a subsidiary		**(154)**	–
Changes in fair value of available-for-sale investments	22	**100**	54
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**576**	(3,274)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(128,151)**	277,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	**2015**	2014
		HK$'000	HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**2,455**	69,731
Prepaid lease payments	17	**43,776**	44,807
Intangible assets	18	**789,709**	847,954
Biological assets	19	**61,242**	70,737
Deposits paid for purchases of items of property, plant and equipment		**–**	1,423
Available-for-sale investments	22	**4,600**	17,606
Conversion options embedded in a convertible bond	23	**–**	2,379
Deposits	24	**–**	700
Investments at fair value through profit or loss	25	**340,800**	112,800
Total non-current assets		**1,242,582**	1,168,137
CURRENT ASSETS			
Inventories		**–**	172
Loans receivable	26	**45,000**	30,000
Investments at fair value through profit or loss	25	**337,067**	514,502
Derivative financial instruments	27	**–**	19,763
Tax recoverable		**–**	38
Prepayments, deposits and other receivables	24	**15,269**	2,792
Cash and cash equivalents	28	**4,331**	6,122
Total current assets		**401,667**	573,389
CURRENT LIABILITIES			
Other payables and accruals		**2,713**	4,731
Tax payable		**432**	–
Borrowings	29	**10,503**	25,533
Total current liabilities		**13,648**	30,264
NET CURRENT ASSETS		**388,019**	543,125
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,630,601**	1,711,262

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT LIABILITIES			
Borrowings	29	**18,813**	9,300
Deferred tax liabilities	30	**190,715**	192,888
Total non-current liabilities		**209,528**	202,188
Net assets		**1,421,073**	1,509,074
EQUITY			
Equity attributable to owners of the Company			
Issued capital	31	**4,236**	2,824
Reserves	33(a)	**1,416,837**	1,506,250
Total equity		**1,421,073**	1,509,074

The consolidated financial statements on pages 31 to 159 were approved and authorised for issue by the board of directors on 26 June 2015 and are signed on its behalf by:

Yau Wai Lung
Director

Jonathan Ross
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Issued capital (note 31) HK$'000	Share premium account (note 33(a)) HK$'000	Share options reserve (note 33(a)) HK$'000	Capital redemption reserve (note 33(a)) HK$'000	Contributed surplus (note 33(a)) HK$'000	Available-for-sale investments revaluation reserve (note 33(a)) HK$'000	Translation reserve (note 33(a)) HK$'000	Accumulated losses HK$'000	Total equity HK$'000
		Attributable to owners of the Company								
At 1 April 2013		1,877	1,454,366	–	1,177	1,524,577	120	–	(1,948,551)	1,033,566
Profit for the year		–	–	–	–	–	–	–	281,025	281,025
Other comprehensive (loss)/income for the year:										
Exchange difference arising on translation of financial statements of foreign operations		–	–	–	–	–	–	(3,328)	–	(3,328)
Changes in fair value of available–for-sale investments	22	–	–	–	–	–	54	–	–	54
Total other comprehensive income/(loss) for the year		–	–	–	–	–	54	(3,328)	–	(3,274)
Total comprehensive income/(loss) for the year		–	–	–	–	–	54	(3,328)	281,025	277,751
Right issues	31(a)	940	201,104	–	–	–	–	–	–	202,044
Exercise of warrants	31(b)	7	1,357	–	–	–	–	–	–	1,364
Share issue expenses	31	–	(5,651)	–	–	–	–	–	–	(5,651)
At 31 March 2014		2,824	1,651,176	–	1,177	1,524,577	174	(3,328)	(1,667,526)	1,509,074
At 1 April 2014		2,824	1,651,176	–	1,177	1,524,577	174	(3,328)	(1,667,526)	1,509,074
Loss for the year		–	–	–	–	–	–	–	(128,727)	(128,727)
Other comprehensive (loss)/income for the year:										
Exchange difference arising on translation of financial statements of foreign operations		–	–	–	–	–	–	630	–	630
Available-for-sale investments:										
Reclassification adjustments for gains included in the consolidated income statement upon disposal of a subsidiary		–	–	–	–	–	(154)	–	–	(154)
Changes in fair value of available–for-sale investments	22	–	–	–	–	–	100	–	–	100
Total other comprehensive income/(loss) for the year		–	–	–	–	–	(54)	630	–	576
Total comprehensive income/(loss) for the year		–	–	–	–	–	(54)	630	(128,727)	(128,151)
Recognition of equity-settled share-based payments	32	–	–	40,150	–	–	–	–	–	40,150
Bonus issues	31(c)	1,412	(1,412)	–	–	–	–	–	–	–
At 31 March 2015		4,236	1,649,764	40,150	1,177	1,524,577	120	(2,698)	(1,796,253)	1,421,073

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES #			
(Loss)/profit before tax from continuing operations		**(102,733)**	283,547
Loss before tax from discontinued operation		**(27,292)**	(6,613)
(Loss)/profit before tax		**(130,025)**	276,934
Adjustments for:			
Unrealised gains on investments at fair value through profit or loss, net	7	**(41,732)**	(366,458)
Fair value gains on conversion options embedded in a convertible bond	23	**–**	(331)
Fair value loss/(gains) on derivative financial instruments	27	**19,763**	(1,972)
Loss arising from changes in fair value less costs of disposal of biological assets	19	**9,936**	–
Amortisation		**17,452**	17,430
Depreciation		**2,551**	6,466
Impairment of a loan receivable	7,26	**–**	3,600
Impairment loss on property, plant and equipment	16	**–**	6,654
Impairment loss on goodwill	18	**42,552**	3,720
Equity-settled share-based payment expenses	32	**40,150**	–
Finance costs	8	**1,561**	39,083
Loss arising from changes in fair value of investment properties, net	20	**–**	2,150
Loss on disposal of property, plant and equipment	12	**3,102**	–
Loss on disposal of subsidiaries	34(a)	**1,853**	500
Operating cash flows before movements in working capital		**(32,837)**	(12,224)
(Increase)/decrease in loans receivable		**(15,000)**	75,063
Decrease/(increase) in inventories		**58**	(41)
(Increase)/decrease in investments at fair value through profit or loss, net		**(8,833)**	64,496
(Increase)/decrease in prepayments, deposits and other receivables		**(1,367)**	11,112
Decrease in other payables and accruals		**(1,830)**	(647)
Cash (used in)/generated from operations		**(59,809)**	137,759
Interest paid		**(553)**	(1,931)
Hong Kong Profits Tax (refund)/paid		**38**	(38)
Net cash (used in)/generated from operating activities		**(60,324)**	135,790

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits paid for purchases of items of property, plant and equipment		–	(1,344)
Purchases of items of property, plant and equipment		(1,438)	(891)
Proceeds from disposal of items of property, plant and equipment		33	–
Addition to biological assets		(383)	–
Subscription of a convertible bond		–	(15,000)
Cash outflow resulting from acquisition of subsidiaries	34(b)	–	(323,401)
Cash inflow resulting from disposal of subsidiaries	34(a)	51,885	37,080
Net cash generated from/(used in) investing activities		50,097	(303,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from rights issue	31(a)	–	202,044
Share issue expenses	31	–	(5,651)
Proceeds from warrants exercised	31(b)	–	1,364
New other loan raised		80,000	–
Proceeds from bonds issue	29(c)	10,000	360,000
Bonds issue expenses	29(c)	(500)	(26,800)
Redemption of bonds issue	29(c)	–	(360,564)
Bond interest paid	29(c)	(500)	–
Repayment of other loan		(80,000)	–
Repayment of bank borrowings		(559)	(2,438)
Net cash generated from financing activities		8,441	167,955
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,786)	189
Cash and cash equivalents at beginning of year		6,122	6,023
Effect of foreign exchange rate changes		(5)	(90)
CASH AND CASH EQUIVALENTS AT END OF YEAR	28	4,331	6,122
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		4,331	6,122

Included in "Cash flows from operating activities" above are loan interests, dividend income and other interest income from the Group's principal activities amounting to HK$1,380,000 (2014: HK$6,284,000), HK$1,022,000 (2014: HK$3,491,000) and HK$375,000 (2014: HK$72,000), respectively.

STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	21	1	1
Amounts due from subsidiaries	21	1,419,000	1,122,446
Available-for-sale investments	22	4,600	4,500
Total non-current assets		1,423,601	1,126,947
CURRENT ASSETS			
Prepayments and other receivables	24	1,561	643
Cash and cash equivalents		3,118	351
Total current assets		4,679	994
CURRENT LIABILITIES			
Other payables and accruals		2,322	4,114
Borrowings	29	983	488
Total current liabilities		3,305	4,602
NET CURRENT ASSETS/(LIABILITIES)		1,374	(3,608)
NON-CURRENT LIABILITIES			
Borrowings	29	18,813	9,300
Net assets		1,406,162	1,114,039
EQUITY			
Issued capital	31	4,236	2,824
Reserves	33(b)	1,401,926	1,111,215
Total equity		1,406,162	1,114,039

Approved and authorised for issue by the board of directors on 26 June 2015 and are signed on its behalf by:

Yau Wai Lung
Director

Jonathan Ross
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

1. CORPORATE INFORMATION

Heritage International Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong, respectively.

The Company acts as an investment holding company and its subsidiaries (together with the Company, collectively referred to as the "Group") involves in property investment, investments in securities, money lending, investment holding and management of the forestland (the "Forestlands").

On 5 November 2014, Power Global Limited ("Power Global"), a wholly owned subsidiary of the Company, and High Rhine Limited ("High Rhine") entered into a sale and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire interest in Apex Corporate Investments Limited ("Apex", together with its subsidiaries collectively referred to as "Apex Group") together with assignment of outstanding shareholder loan advanced by the Company to Apex Group, for a consideration of HK$500,000. The transaction was completed on 20 November 2014. Apex Group principally involved in Chinese medicine clinic operation. Upon the completion, the Group discontinued Chinese medicine clinic operation and Apex Group was deconsolidated. For the presentation of the consolidated financial statements for the year ended 31 March 2015 and 2014, Chinese medicine clinic operation was regarded as "discontinued operation". Details are set out in note 12 to the financial statements.

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised amendments and interpretation ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which have become effective for the accounting period beginning on or after 1 April 2014.

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
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 36 "Recoverable Amount Disclosures for Non-Financial Assets"

The Group has applied the amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by HKFRS 13 "Fair Value Measurements".

The application of these amendments will only extend the disclosures in relation to impairment of goodwill of the Group and does not have any material impact on the amounts recognised in the consolidated financial statements in current and prior years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Application of new and revised Hong Kong Financial Reporting Standards (continued)

The Group has not early applied the following new standards and amendments that have been issued but are not yet effective in these financial statements:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle [6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle [4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle [5]
HKFRS 9	Financial Instruments [1]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations [5]
HKFRS 14	Regulatory Deferral Accounts [2]
HKFRS 15	Revenue from Contracts with Customers [3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation [5]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants [5]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions [4]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements [5]
HKAS 28 and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Application of new and revised Hong Kong Financial Reporting Standards (continued)

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and Measurement" are 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 the business model whose objectives 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 accounting periods. In addition, under HKFRS 9, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Application of new and revised Hong Kong Financial Reporting Standards (continued)

HKFRS 9 "Financial Instruments" (continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 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.

- In relation to the impairment of financial assets, HKFRS 9 permits an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Application of new and revised Hong Kong Financial Reporting Standards (continued)

HKFRS 15 "Revenue from Contracts from Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue 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.

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. Specifically, HKFRS 15 introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Application of new and revised Hong Kong Financial Reporting Standards (continued)

Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants"

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41. The directors of the Company are in the progress to evaluate the impact upon the adoption of the amendments on 1 April 2016.

Amendments to HKFRSs "Annual Improvements to HKFRSs 2010 – 2012 Cycle"

The amendment issued in January 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 "Operating Segments" clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The disclosure requirements of the new Hong Kong Companies Ordinance relating to the preparation of financial statements

The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") requiring the financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622 (the "New Companies Ordinance") will first apply to the Company in its financial year ending on 31 March 2016.

The directors of the Company consider that there will be no material impact on the Group's financial position or performance, however, the New Companies Ordinance would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and certain related notes need not be included.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the HKICPA, and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure required by the Listing Rules and the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Listing Rules, continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale investments, conversion options embedded in a convertible bond, biological assets, derivative financial instruments and investments at fair value through profit or loss, which have been measured at fair values or fair values less costs of disposal, as appropriate, as explained in the accounting policies set out below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other that quoted prices included with Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

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 (its subsidiaries). Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use the power to affect its 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 over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost plus additional capital contribution, less any identified impairment loss, unless the investment is classified as held for sale or included in a disposal group that is classified as held for sale. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date;

- assets or liabilities related to an operating lease in which the acquiree is the lessee shall not be recognised, unless the terms of an operating lease are favourable or unfavourable relative to market terms. In that case, an intangible asset or a liability, as appropriate, is recognised; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Noncurrent Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

Goodwill

Goodwill arising on an acquisition of a business 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 (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit 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 in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than goodwill 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. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

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

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

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

Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and building	Over the lease terms
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and office equipment	10% – 20%
Motor vehicles	20% – 30%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Biological assets

Biological assets predominately consist of various standing fruit trees that are attached to the Forestlands. The forest establishment and maintenance expenses are charged to profit or loss in the period in which they are incurred.

Biological assets are measured at fair value less costs of disposal at the date of initial recognition and at the end of each reporting period and the gain or loss arising from the changes in fair value less costs of disposal of the biological assets is recognised in profit or loss in the period in which it arises.

If an active market exists for standing fruit tree with reference to the distribution of the Forestlands area by age-class, land tenure, forest health, expected growth and yield of the tree crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers. If the market-determined prices or values of biological assets are not available and the alternative estimates of fair values of biological assets are determined to be clearly unreliable subsequent to the initial recognition, in that case, the biological assets shall be measured at cost less accumulated depreciation and any accumulated impairment losses.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Forestlands use rights

Payments for obtaining the Forestlands use rights that are classified as operating leases are accounted for as prepaid lease payments and charged to profit or loss over the period of the right using the straight-line method.

Financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, except in case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss 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 future; or

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(i) Financial assets at fair value through profit or loss (continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

- such designation eliminates 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 as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss in the period in which they arise.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets or management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any identified impairment loss (see accounting policy on impairment of financial assets below), unless the effect of discounting would be immaterial, in which case, they are stated at cost less any identified impairment loss. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate.

(iii) Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities that are either designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investments revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investments revaluation reserve to profit or loss (see accounting policy in respect of impairment of financial assets below).

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets or management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. Reclassification to the held-to-maturity category is permitted only when the Group has the ability and intent to hold until the maturity date of the financial asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement (continued)

(iii) Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derivatives not designated into an effective hedge relationship are classified as current or non-current on the basis of their expected settlement dates.

Embedded derivatives

Embedded derivatives are treated as separate derivatives when their economic characteristics and risk are not clearly and closely related to those of the host contract; the terms of the embedded derivatives would meet the definition a stand-alone derivatives they were contained in a separate contract; and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with changes therein recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Impairment losses on debt instruments are reversed through the profit or loss if the increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities and equity (continued)

Financial liabilities (continued)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

(ii) *Financial guarantee contracts*

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories, including Chinese medicine and consumables for the Group's Chinese medicine clinic operations, are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the Company's statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated income statement.

Income tax

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

The tax currently payable is based on taxable profits for the year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income and 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 bases 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 differences 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 temporary difference arises from goodwill or from the initial recognition (other than 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, 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 are only recognised to the extent that it is probable 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 profits will be available to allow all or part of the asset to be recovered.

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 rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and liabilities 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 relate 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.

Revenue recognition

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

(a) rental income, on a time proportion basis over the lease terms;

(b) Chinese medicine clinic operation income, when such services are rendered;

(c) dividend income, when the shareholders' right to receive payment has been established; and

(d) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payments

The Company currently operates a share option scheme for the purpose of providing incentives and rewards to eligible participants (including the Company's directors and other employees of the Group and of the investee entities and any consultant, advisor or agent engaged by any member of the Group or any investee entity) who render services and/or contribute to the success of the Group's operations. Employees (including directors) and investment advisors of the Group receive remuneration in the form of share-based payments, whereby employees/investment advisors render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee/investment advisors as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong 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 employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. 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.

The employees of the Group's subsidiaries which operate in the Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 5% of its payroll costs to the central pension scheme. The contributions are charged to the consolidated income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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 on the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

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

For the purpose 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. HKD) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Disposal of foreign operation (i.e. a disposal of the Group's entire interest in foreign operation, on a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Income taxes

Significant judgements on the future tax treatment of certain transactions are required in determining income tax provisions. The Group carefully evaluates tax implications of transactions and tax provisions are made accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislation.

Classification of financial assets

The Group needs to make judgements on the classification of financial assets as different classification will affect the accounting treatment for the financial assets, and financial position and operating results of the Group. The judgments on these classifications depend on the nature and purposes of acquiring those financial assets at their initial recognitions. Subsequent reclassifications may be made if the intention of holding a particular financial asset changed and that reclassification is permitted by HKFRSs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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, are described below.

Estimated impairment on loans receivable

The Group assesses at the end of each reporting period whether there is objective evidence that a loan receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The Group maintains an allowance for estimated losses arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its debtor balances, debtors' creditworthiness, repayment history, historical write-off experience and other relevant information. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 March 2015, the carrying amount of loans receivable amounted to approximately HK$45,000,000 (2014: HK$30,000,000). No allowance for doubtful debts is made as at 31 March 2015 (2014: allowance for doubtful debts of approximately HK$2,489,000 was made).

Estimated useful lives of property, plant and equipment

The Group's management reviews the estimated useful lives of property, plant and equipment in determining their depreciation charges at the end of each reporting period. This estimate is based on the historical experience of the actual useful lives of assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Estimated useful lives of favourable lease asset (included in intangible assets) and prepaid lease payments

The Group determines the estimated useful lives of favourable lease asset (included in intangible assets) and prepaid lease payments and the corresponding amortisation charges. Amortisation charges are charged to profit or loss on a straight-line basis. This estimate is based on the remaining lease periods of the Forest Right Certificates issued by the Forest Bureau of Qinglong Manchu Autonomous County ("Qinglong") of the People's Republic of China (the "PRC"). The Group will increase amortisation charges of favourable lease asset and prepaid lease payments where useful lives of the Forestlands are less than previously estimated lives. Actual economic lives may differ from the estimated useful lives. Periodic review could result in change in amortisable lives and therefore amortisation charges in the future periods.

Estimated impairment loss of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit to which goodwill has been allocated. The recoverable amount of the cash-generating unit has been determined based on fair value less costs of disposal. Should the fair value less costs of disposal is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, a material impairment loss may arise.

As at 31 March 2015, the carrying amount of goodwill was approximately HK$101,883,000 (2014: HK$144,319,000) after an impairment loss of approximately HK$42,552,000 was recognised during the year (2014: HK$3,720,000). Details of the impairment loss calculation are set out in note 18.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill and property, plant and equipment)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices, or fair value as determined by professional valuer, less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Measurement of fair value of biological assets

HKAS 41 requires that the Group measures its biological assets at fair value less costs of disposal, which requires the extensive use of accounting estimates. The determination of such fair value less costs of disposal is performed by an independent competent valuer engaged by the Group. The significant assumptions used in determination of fair value of biological assets are set out in note 19. Any changes in fair value of the biological assets may significantly affect the Group's profit or loss. As at 31 March 2015, the carrying amount of biological assets was approximately HK$61,242,000 (2014: HK$70,737,000).

Measurement of fair values of financial assets

The Group has significant amounts of financial assets measured at fair values that are classified as Level 2 and Level 3 fair value measurements under HKFRS 13. The Group engaged independent competent valuers to perform the valuation of those financial instruments. As at 31 March 2015, the financial assets that are classified as Level 2 fair value measurement under HKFRS 13 amounted to approximately HK$345,400,000 (2014: Level 2 and Level 3 fair value measurements amounted to approximately HK$130,406,000 and HK$22,142,000 respectively). Details of the fair value measurement are set out in note 40.

5. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). For the year ended 31 March 2015, the Group had five reportable operating segments from continuing operations. Details are as follows:

(i) the property investment segment engages primarily in the investments in properties for rental income potential and/or appreciation in values;

(ii) the investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;

(iii) the money lending segment engages primarily in money lending operations in Hong Kong;

(iv) the investment holding segment engages primarily in investment holding for a continuing strategic or long term purpose, primarily for dividend income and capital appreciation; and

(v) the management of the Forestlands segment engages primarily in management of the Forestlands located in Qinglong of the PRC.

In the current year, the Group's Chinese medicine clinic operation in Hong Kong was discontinued. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 12.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted (loss)/profit before tax from continuing operations. The adjusted (loss)/profit before tax from continuing operations is measured consistently with the Group's (loss)/profit before tax from continuing operations except that unallocated finance costs and unallocated expenses are excluded from such measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. OPERATING SEGMENT INFORMATION (continued)

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

- all assets are allocated to reportable segments other than tax recoverable and unallocated corporate assets. Goodwill is allocated to the management of the Forestlands segment as described in note 18; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities.

	Property investment		Investments in securities		Money lending		Investment holding		Management of the Forestlands		Consolidated	
	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 (restated)
Segment revenue:												
Revenue from external customers	**1,020**	2,157	**1,397**	3,563	**1,380**	6,284	**-**	–	**-**	–	**3,797**	12,004
Other income	**-**	–	**-**	372	**-**	–	**-**	5	**167**	4	**167**	381
Total	**1,020**	2,157	**1,397**	3,935	**1,380**	6,284	**-**	5	**167**	4	**3,964**	12,385
Segment results	**1,270**	(2,857)	**28,387**	387,203	**1,318**	2,092	**538**	(10)	**(75,080)**	(25,993)	**(43,567)**	360,435
Reconciliation:												
Impairment loss on property, plant and equipment, unallocated											**-**	(6,654)
Unallocated finance costs											**(1,318)**	(37,592)
Equity-settled share-based payment expenses											**(40,150)**	–
Unallocated expenses											**(17,698)**	(32,642)
(Loss)/profit before tax from continuing operations											**(102,733)**	283,547

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. OPERATING SEGMENT INFORMATION (continued)

	Property investment		Investments in securities		Money lending		Investment holding		Management of the Forestlands		Consolidated	
	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 (restated)
Other segment information:												
Finance costs – allocated	**(166)**	(125)	**(77)**	(1,366)	**–**	–	**–**	–	**–**	–	**(243)**	(1,491)
Finance costs – unallocated											**(1,318)**	(37,592)
											(1,561)	(39,083)
Depreciation – allocated	**–**	–	**–**	–	**–**	–	**–**	–	**(275)**	(214)	**(275)**	(214)
Depreciation – unallocated											**(1,408)**	(4,307)
											(1,683)	(4,521)
Amortisation	**–**	–	**–**	–	**–**	–	**–**	–	**(17,452)**	(17,430)	**(17,452)**	(17,430)
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**(42,552)**	(3,720)	**(42,552)**	(3,720)
Gain/(loss) on disposal of subsidiaries	**3,627**	(500)	**(5,632)**	–	**90**	–	**460**	–	**–**	–	**(1,455)**	(500)
Losses arising from changes in fair value of investment properties, net	**–**	(2,150)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2,150)
Loss arising from changes in fair value less costs of disposal of biological assets	**–**	–	**–**	–	**–**	–	**–**	–	**(9,936)**	–	**(9,936)**	–
Fair value gains on investments at fair value through profit or loss, net	**–**	–	**33,907**	385,433	**–**	–	**–**	–	**–**	–	**33,907**	385,433
Fair value gain on conversion options embedded in a convertible bond	**–**	–	**–**	331	**–**	–	**–**	–	**–**	–	**–**	331
Impairment of loans receivable	**–**	–	**–**	–	**–**	(3,600)	**–**	–	**–**	–	**–**	(3,600)
Capital expenditure – allocated*	**–**	–	**–**	–	**–**	–	**–**	–	**25**	447	**25**	447
Capital expenditure – unallocated*											**976**	444
											1,001	891

* Capital expenditure consists of additions to property, plant and equipment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. OPERATING SEGMENT INFORMATION (continued)

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

	2015 HK$'000	2014 HK$'000
Segment assets:		
Property investment	–	–
Investment in securities	346,492	530,033
Money lending	46,025	30,133
Investment holding	340,800	112,800
Management of the Forestlands	900,028	973,242
	1,633,345	1,646,208
Chinese medicine clinic (now discontinued)	–	25,078
Tax recoverable	–	38
Unallocated assets	10,904	70,202
Total assets	1,644,249	1,741,526
Segment liabilities:		
Property investment	–	–
Investment in securities	9,520	100
Money lending	–	–
Investment holding	–	–
Management of the Forestlands	62	101
	9,582	201
Chinese medicine clinic (now discontinued)	–	78
Deferred tax liabilities	190,715	192,888
Tax payable	432	–
Unallocated liabilities	22,447	39,285
Total liabilities	223,176	232,452

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

5. OPERATING SEGMENT INFORMATION (continued)

Revenue from external customers

The Group's revenue is substantially derived from its external customers in Hong Kong.

Geographical information

The Group's operations are mainly located in Hong Kong and other parts of the PRC. All segments are carried out in Hong Kong except for the management of the Forestlands that is carried out in other parts of the PRC. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, prepaid lease payments, favourable lease asset included in intangible assets and biological assets, and the location of the operation to which they are allocated, in the case of goodwill included in intangible assets, deposits paid for purchase of items of property, plant and equipment, and deposits other than those classified as financial assets. The information about the Group's non-current assets by geographical location of the assets is set out below:

	2015 HK$'000	2014 HK$'000
Hong Kong	1,512	68,539
Other parts of the PRC	895,670	966,113
	897,182	1,034,652

Note: Non-current assets exclude available-for-sale investments, conversion options embedded in a convertible bond, investments at fair value through profit or loss, loans receivable and financial assets included in deposits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. REVENUE

Revenue, which is also the Group's turnover, represents gross rental income received and receivable; interest income from money lending operations; interest income from a convertible bond; and dividend from investments at fair value through profit or loss earned during the year.

An analysis of revenue from continuing operations is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
		(restated)
Gross rental income	**1,020**	2,157
Interest income from money lending operations	**1,380**	6,284
Interest income from a convertible bond	**375**	72
Dividend income from investments at fair value through profit or loss	**1,022**	3,491
	3,797	12,004

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

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

	Note	Group 2015 HK$'000	Group 2014 HK$'000 (restated)
Auditor's remuneration:			
– audit services		**830**	1,050
– non-audit services		**125**	200
Employee benefit expenses:			
Directors' remuneration (note 9):			
– Fee		**410**	480
– Salaries and allowances		**4,169**	5,270
– Retirement benefit scheme contributions (defined contribution scheme)*		**48**	56
		4,627	5,806
Other staff's costs:			
– Salaries and allowances		**4,602**	3,272
– Retirement benefit scheme contributions (defined contribution scheme)*		**176**	120
– Termination benefits		**97**	–
		4,875	3,392
Total employee benefit expenses		**9,502**	9,198

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

7. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS (continued)

	Note	Group 2015 HK$'000	Group 2014 HK$'000 (restated)
Sales proceeds from disposal of trading securities		**(240,102)**	(194,371)
Cost of trading securities		**247,927**	175,396
Realised losses/(gains)		**7,825**	(18,975)
Unrealised gains from investments at fair value through profit or loss		**(41,732)**	(366,458)
Fair value gains on investments at fair value through profit or loss, net		**(33,907)**	(385,433)
Impairment loss of loans receivable	26	**–**	3,600
Net foreign exchange loss		**16**	184
Gross rental income from investment properties		**–**	(141)
Less: direct operating expenses arising on rental-earning investment properties		**–**	12
		–	(129)
Direct operating expenses arising on non-rental-earning investment properties		**–**	128

* At 31 March 2015, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2014: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Interest on bank borrowings wholly repayable within five years (note)	**166**	565
Interest on margin and other loans	**387**	1,366
Amortised interest on bonds (note 29(c))	**1,008**	37,152
	1,561	39,083

Note: The Group's bank borrowings containing an on-demand clause had been classified as current liabilities. For the purpose of the above disclosure, the interest on such borrowings is disclosed as "Interest on bank borrowings wholly repayable within five years".

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Fees	**410**	480
Other emoluments:		
Salaries, allowances and benefits in kind	**4,889**	7,358
Retirement benefit scheme contributions (defined contribution scheme)	**48**	56
Equity-settled share-based payment expenses	**40,150**	–
	45,087	7,414
Total amounts of directors' remuneration	**45,497**	7,894
Less: estimated value of a director's quarter plus the related charges borne by the Group	**(720)**	(2,088)
Less: equity-settled share-based payment expenses	**(40,150)**	–
Directors' remuneration included in employee benefit expenses (note 7)	**4,627**	5,806

9. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 HK$'000	2014 HK$'000
Mr. To Shing Chuen	120	120
Mr. Ha Kee Choy Eugene	120	120
Mr. Chung Yuk Lun	120	120
Mr. Lo Wong Fung, JP #	50	120
	410	480

\# Mr. Lo Wong Fung, JP retired as an independent non-executive director of the Company at the annual general meeting with effect from 18 August 2014.

There were no other emoluments payable to the independent non-executive directors during the year ended 31 March 2015 (2014: Nil).

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total remuneration HK$'000
2015					
Mr. Yau Wai Lung (iii)	–	1,010	9	40,150	41,169
Dr. Jonathan Ross (iii)	–	313	–	–	313
Dr. Kwong Kai Sing, Benny (ii),(vi)	–	1,565	6	–	1,571
Mr. Ong Peter (v)	–	1,115	15	–	1,130
Mr. Chow Chi Wah, Vincent (iv)	–	465	9	–	474
Ms. Chen Wei (iv)	–	421	9	–	430
	–	4,889	48	40,150	45,087

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

9. DIRECTORS' REMUNERATION (continued)

(b) Executive directors (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payment expenses HK$'000	Total remuneration HK$'000
2014					
Dr. Kwong Kai Sing, Benny (ii),(vi)	–	4,488	15	–	4,503
Mr. Ong Peter (v)	–	1,440	15	–	1,455
Mr. Chow Chi Wah, Vincent (iv)	–	885	15	–	900
Dr. Wu Jian (i)	–	150	4	–	154
Ms. Chen Wei (iv)	–	395	7	–	402
	–	7,358	56	–	7,414

(i) Dr. Wu Jian was appointed as an executive director of the Company with effect from 5 September 2012 and retired from his position with effect from 30 June 2013.

(ii) Dr. Kwong Kai Sing, Benny resigned as chairman and executive director of the Company with effect from 7 August 2014.

(iii) Mr. Yau Wai Lung and Dr. Jonathan Ross were appointed as executive director of the Company with effect from 19 August 2014 and 6 October 2014, respectively.

(iv) Ms. Chen Wei and Mr. Chow Chi Wah, Vincent resigned as executive director of the Company with effect from 6 October 2014.

(v) Mr. Ong Peter resigned as managing director and executive director of the Company with effect from 9 January 2015.

(vi) Included in benefits in kind in respect of a property owned by the Group and used by Dr. Kwong Kai Sing, Benny (that is, as a director's quarter) is an estimated value with reference to market rental of similar properties plus related charges borne by the Group totaling approximately HK$720,000 (2014: HK$2,088,000).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 March 2015 (2014: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year ended 31 March 2015 included one (2014: four) current director and three (2014: nil) former directors of the Company, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2014: one) non-director, highest paid employee of the Company and salaries paid to two (2014: nil) highest paid former directors after their resignation, are as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Salaries and allowances	**958**	390
Retirement benefit scheme contributions (defined contribution scheme)	**12**	15
	970	405

The emoluments of the remaining one (2014: one) individual and the salaries paid to two (2014: nil) former directors after their resignation fell within the following band:

	2015	2014
	Number of individual	Number of individual
Nil – HK$1,000,000	**3**	1

11. INCOME TAX CREDIT

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2015. No provision for current Hong Kong profits tax had been made for the year ended 31 March 2014 as the Group did not generate any assessable profits arising in Hong Kong during the year.

No provision for PRC Enterprise Income Tax has been made as the Group did not generate any assessable profits arising in the PRC during the year ended 31 March 2015 (2014: Nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. INCOME TAX CREDIT (continued)

	Group	
	2015	2014
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax	**(432)**	–
Deferred tax credit (note 30)	**1,730**	4,091
Total income tax credit recognised in profit or loss	**1,298**	4,091

The income tax credit for the year can be reconciled to (loss)/profit before tax from continuing operations per the consolidated income statement as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
		(restated)
(Loss)/profit before tax from continuing operations	**(102,733)**	283,547
Income tax (credit)/expense at domestic tax rate of 16.5%	**(16,950)**	46,786
Tax effect of income not taxable for tax purpose	**(405)**	(1,416)
Tax effect of expenses not deductible for tax purpose	**16,892**	11,288
Utilisation of tax losses not recognised in previous periods	**(691)**	(62,889)
Tax effect of tax losses not recognised	**1,748**	3,343
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,237)**	(1,391)
Others	**345**	188
Income tax credit recognised in profit or loss	**(1,298)**	(4,091)

The domestic tax rate in Hong Kong is used for 2015 and 2014 reconciliations above as it is where the operation of the Group is substantially based.

12. DISCONTINUED OPERATION

On 5 November 2014, Power Global and High Rhine entered into a sales and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire share capital of Apex together with the assignment of the outstanding shareholder loan advanced by the Company to Apex Group, for a consideration of HK$500,000. The transaction was completed on 20 November 2014.

Apex Group principally involved in Chinese medicine clinic operation, the results of which are classified as discontinued operation and are set out below. The comparative loss has been re-presented to include the operation classified as discontinued in the current year.

		Group	
	Note	**2015**	2014
		HK$'000	HK$'000
Loss for the year from discontinued operation			
REVENUE		**1,292**	2,480
Changes in inventories and consumables used		**(273)**	(474)
Fair value (loss)/gains on derivative financial instruments	27	**(19,763)**	1,972
Employee benefit expenses		**(1,375)**	(2,467)
Depreciation		**(868)**	(1,945)
Minimum lease payments under operating leases in respect of land and buildings		**(1,807)**	(4,200)
Loss on disposal of property, plant and equipment		**(3,102)**	–
Loss on disposal of subsidiaries	34(a)	**(398)**	–
Other expenses		**(998)**	(1,979)
Loss for the year from discontinued operation		**(27,292)**	(6,613)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. DISCONTINUED OPERATION (continued)

Loss for the year from discontinued operation is arrived at after charging:

	Group	
	2015	2014
	HK$'000	HK$'000
Auditor's remuneration:		
– audit services	**–**	280
Cost of inventories sold and consumables used	**273**	474
Employee benefit expenses:		
Other staff's costs:		
– Salaries and allowances	**1,164**	2,353
– Retirement benefit scheme contributions (defined contribution scheme)	**60**	114
– Termination benefits	**151**	–
Total employee benefit expenses	**1,375**	2,467
Cash flows from discontinued operation		
Net cash outflows from operating activities	**(2,446)**	(7,028)
Net cash outflows from investing activities	**(283)**	–
Net cash outflows	**(2,729)**	(7,028)
Other segment information		
Capital expenditure	**437**	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

The consolidated loss attributable to owners of the Company for the year ended 31 March 2015 includes a loss of approximately HK$44,197,000 (2014: HK$52,284,000) which has been dealt with in the financial statements of the Company.

Reconciliation of the above amount to the Company's profit/(loss) for the year:

	2015 **HK$'000**	2014 HK$'000
Amount of loss attributable to owners of the Company dealt with in the Company's financial statements	**(44,197)**	(52,284)
Net amount of reversal of impairment loss on amounts due from subsidiaries	**296,070**	10,332
Company's profit/(loss) for the year (note 33(b))	**251,873**	(41,952)

14. DIVIDENDS

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

15. (LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFITS ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing operations

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

(Loss)/earnings from continuing operations

	2015	2014
	HK$'000	HK$'000
(Loss)/earnings for the year attributable to owners of the Company	**(128,727)**	281,025
Add: loss for the year attributable to owners of the Company from discontinued operation	**27,292**	6,613
(Loss)/earnings for the purposes of basic and diluted earnings per share from continuing operations	**(101,435)**	287,638

Number of shares

	2015	2014
	'000	'000
		(restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**16,943,718**	16,002,676
Basic and diluted (loss)/earnings per share (in HK cents)	**(0.60)**	1.80

For the year ended 31 March 2015, diluted loss per share is the same as the basic loss per share as the outstanding share options of the Company were anti-dilutive. For the year ended 31 March 2014, diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the year.

The basic and diluted (loss)/earnings per share for the prior year has been adjusted to reflect the bonus issue (note 31(c)) and share sub-division (note 31(d)) during the year.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.16 cents (2014: HK0.04 cents), based on the loss for the year attributable to owners of the Company from discontinued operation of approximately HK$27,292,000 (2014: HK$6,613,000) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2015					
At 1 April 2014:					
Cost	73,000	13,149	6,065	7,989	100,203
Accumulated depreciation and impairment	(9,805)	(9,385)	(4,962)	(6,320)	(30,472)
Net carrying amount	63,195	3,764	1,103	1,669	69,731
At 1 April 2014, net of accumulated depreciation and impairment	63,195	3,764	1,103	1,669	69,731
Additions	–	461	253	724	1,438
Disposal of subsidiaries (note 34(a))	(62,320)	(495)	(185)	(29)	(63,029)
Depreciation provided during the year	(875)	(783)	(315)	(578)	(2,551)
Disposals	–	(2,815)	(320)	–	(3,135)
Exchange realignment	–	–	–	1	1
At 31 March 2015, net of accumulated depreciation	–	132	536	1,787	2,455
At 31 March 2015:					
Cost	–	4,833	4,803	3,496	13,132
Accumulated depreciation	–	(4,701)	(4,267)	(1,709)	(10,677)
Net carrying amount	–	132	536	1,787	2,455

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. PROPERTY, PLANT AND EQUIPMENT (continued)

Group

	Leasehold land and building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 March 2014					
At 1 April 2013:					
Cost	73,000	12,907	5,668	6,778	98,353
Accumulated depreciation	(1,050)	(6,765)	(3,999)	(5,538)	(17,352)
Net carrying amount	71,950	6,142	1,669	1,240	81,001
At 1 April 2013, net of accumulated depreciation	71,950	6,142	1,669	1,240	81,001
Additions	–	242	278	371	891
Acquisition of subsidiaries (note 34(b))	–	–	121	853	974
Depreciation provided during the year	(2,101)	(2,620)	(963)	(782)	(6,466)
Impairment loss for the year	(6,654)	–	–	–	(6,654)
Exchange realignment	–	–	(2)	(13)	(15)
At 31 March 2014, net of accumulated depreciation and impairment	63,195	3,764	1,103	1,669	69,731
At 31 March 2014:					
Cost	73,000	13,149	6,065	7,989	100,203
Accumulated depreciation and impairment	(9,805)	(9,385)	(4,962)	(6,320)	(30,472)
Net carrying amount	63,195	3,764	1,103	1,669	69,731

Upon disposal of a subsidiary which principally held a leasehold land and building, as at 31 March 2015, the Group had no leasehold land and building pledged to secure general banking facilities granted to the Group.

16. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 March 2014, leasehold land and building with a net carrying value of HK$63,195,000 was pledged to secure general banking facilities granted to the Group (note 36). Such leasehold land and building was situated in Hong Kong and was held under a medium term lease as at 31 March 2014.

Impairment losses recognised

For the year ended 31 March 2015, the Group had not recognised any impairment losses on property, plant and equipment.

For the year ended 31 March 2014, the Group had conducted a review on leasehold land and buildings by engaging an independent external valuer to perform valuation on the leasehold land and building and determined that carrying amount of the leasehold land and building was written down to their recoverable amounts of approximately HK$63,195,000. Accordingly, an impairment loss of approximately HK$6,654,000 had been recognised in profit or loss in the consolidated income statement for the year ended 31 March 2014. The recoverable amount had been determined based on fair value less costs of disposal, using direct comparison method by reference to recent transaction prices of nearby properties. This is categorised as Level 2 fair value hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. PREPAID LEASE PAYMENTS

Group

	2015 HK$'000	2014 HK$'000
Leasehold land in the PRC under medium-term lease:		
At beginning of year	**45,873**	–
Acquisition of subsidiaries (note 34(b))	**–**	47,128
Amortisation	**(1,075)**	(1,066)
Exchange realignment	**46**	(189)
At end of year	**44,844**	45,873
Analysed for reporting purposes as:		
Current assets, included in prepayments, deposits and other receivable (note 24)	**1,068**	1,066
Non-current assets	**43,776**	44,807
	44,844	45,873

The Group's prepaid lease payments represent the land portion of the Forestlands use rights granted to the Group and are located in Qinglong of the PRC. The Forestlands use rights will expire in the year 2057. Usage of the Forestlands is regulated by the implementation regulations of the PRC Forest Law promulgated by the State Council of the PRC.

The prepaid lease payments are amortised on a straight-line basis over the remaining term of the lease of the Forestlands.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. INTANGIBLE ASSETS

Group

	Favourable lease asset HK$'000	Goodwill HK$'000	Total HK$'000
At 1 April 2013	–	–	–
Acquisition of subsidiaries (note 34(b))	722,900	148,635	871,535
Amortisation during the year	(16,364)	–	(16,364)
Impairment loss for the year	–	(3,720)	(3,720)
Exchange realignment	(2,901)	(596)	(3,497)
At 31 March 2014 and 1 April 2014	703,635	144,319	847,954
Amortisation during the year	(16,377)	–	(16,377)
Impairment loss for the year	–	(42,552)	(42,552)
Exchange realignment	568	116	684
At 31 March 2015	687,826	101,883	789,709

(a) Favourable lease asset

Favourable lease asset arising from the acquisition represents the terms of the Forestlands use rights granted to the Group which are favourable relative to the market terms as at the date of the acquisition. Favourable lease asset is amortised on a straight-line basis over the remaining term of the lease of the Forestlands. Details are set out in note 17 above.

(b) Goodwill

Goodwill was arising from the acquisition and has been allocated to a CGU that is expected to benefit from the acquisition. The entire carrying amount of goodwill has been allocated to the management of the Forestlands segment.

The recoverable amount of the CGU is determined based on fair value less costs of disposal of the Forestlands. The fair value less costs of disposal of the Forestlands was determined by an independent professional valuer engaged by the Company, LCH (Asia-Pacific) Surveyors Limited ("LCH"), using Comparable Sales Approach by reference to ask prices of comparable forestlands in the neighbourhood townships, adjusted for the condition and features of the comparable forestlands such as their locations, accessibility, size and tree species planted. LCH determines that the recoverable amount of the CGU was approximately HK$709,928,000 (2014: HK$772,274,000). This is categorised as Level 3 fair value hierarchy. Accordingly, the carrying amount of the CGU has been written down to the recoverable amount and an impairment loss on goodwill of approximately HK$42,552,000 (2014: HK$3,720,000) was recognised in profit or loss in the consolidated income statement for the year ended 31 March 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. INTANGIBLE ASSETS (continued)

(b) Goodwill (continued)

Key assumptions used for the determination of the fair value less costs of disposal of the Forestlands are as follows:

- the Group could be able to sell the Forestlands in its highest and best form and as part of a going concern business of the Group in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the Forestlands;

- the Group has free and uninterrupted rights to assign the interest for the whole of the unexpired terms as granted and any premiums payable have already been fully paid;

- all required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed for any use on which the value estimates determined by LCH are based;

- the Forestlands has obtained relevant government's or organisation's approvals for the sale of the Forestlands and is able to be disposed of and transferred free of all encumbrances (including but not limited to the cost of transaction) in the market;

- the Forestlands can be freely disposed and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government;

- the Group has adopted reasonable and necessary security measures and has considered several contingency plans against any disruption (such as compensation and soil erosion) to the Forestlands and the proper usage of the Forestlands; and

- there is no material difference between the information contained in the Forestland Rights Certificate and the actual size figures.

Any adverse change in the assumptions as stated above for the determination of the fair value less costs of disposal would result in further impairment losses.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS

Group

	2015 HK$'000	2014 HK$'000
At beginning of year	70,737	–
Acquisition of subsidiaries (note 34(b))	–	71,022
Increases due to purchases	383	–
Loss arising from changes in fair value less costs of disposal	(9,936)	–
Exchange realignment	58	(285)
At end of year	61,242	70,737

(a) Nature of activities

Biological assets predominately consist of various standing fruit trees that are attached to the Forestlands, of which the Forestry Right Certificates have been obtained from the Forest Bureau in Qinglong. The Forestlands have a total leasehold land base of 63,035.29 Chinese Mu ("mu") and the rights to use the Forestlands will be expired in the year 2057.

Pursuant to a forest survey report (the "Investigation Report") prepared by an independent licensed forestry professionals and consultants in the PRC (the "Forest Survey Team"), estimated number of 4 major species of fruit trees (the "Relevant Biological Assets") planting on 40,571.54 mu of the Forestlands and owned by the Group at the end of the reporting period is shown as follows:

	2015		2014	
	Estimated number	Area (mu)	Estimated number	Area (mu)
Apricot trees	2,793,254	33,653.66	2,793,254	33,653.66
Hawthorn trees	373,881	5,341.15	373,881	5,341.15
Chestnut trees	69,346	990.65	69,346	990.65
Pear trees	41,026	586.08	41,026	586.08
Total	3,277,507	40,571.54	3,277,507	40,571.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS (continued)

(a) Nature of activities (continued)

During the year ended 31 March 2015 and since the date of acquisition to 31 March 2014, there is no material physical change of the Relevant Biological Assets attached to the Forestlands. The Group considers that the costs of harvest outweigh the economic benefits derived from selling the fruits. Accordingly, the Group does not harvest any agricultural produce, being the fruits of the biological assets, during the year ended 31 March 2015 and during the period from the date of acquisition to 31 March 2014, and no gains or losses arising from agricultural produce harvested is recognised.

In additional to the financial risk management as disclosed in note 41 below, the Group is exposed to the following operational risks relating the biological assets:

(i) Regulatory and environmental risks

The Group is subject to laws and regulations in the PRC in which it operates. Since the Group has not yet commenced harvesting any agricultural produce during the year ended 31 March 2015 and during the period from the date of acquisition to 31 March 2014, the Group has not yet established any environmental policies and procedures. Management will establish relevant environmental policies and procedures aimed at compliance with local environment and other laws and will perform regular reviews to identify environmental risks and to ensure that the systems in place are adequate to manage those risks.

(ii) Climate and other natural risks

The Group's biological assets are exposed to the risk of damage from climate changes, diseases, forest fires and other natural forces. The Group has procedures in place aimed at monitoring and mitigating those risks, including regular forest inspections by setting up forest patrol team.

(iii) Supply and demand risk

The Group is exposed to risks arising from fluctuations in the price and sales volume of various types of fruits. The Group currently has not established any measures to mitigate supply and demand risk as the Group has not yet harvested any agricultural produce during the year ended 31 March 2015 and during the period from the date of acquisition to 31 March 2014.

19. BIOLOGICAL ASSETS (continued)

(b) Value of biological assets

The Group's biological assets are measured at fair value less costs of disposal at the date of the acquisition and at the end of the reporting period in accordance with HKAS 41 "Agriculture". The fair values of biological assets were determined with reference to the work performed by LCH. LCH has various professional qualifications and extensive experience in the valuation of agricultural and biological assets and its related businesses for the listed companies in Hong Kong. Accordingly, the directors are of the view that LCH is competent to determine the fair value of the Group's biological assets. The Group's management has discussion with LCH on the valuation assumptions and valuation results when the valuation is performed at the end of each reporting period.

As advised by the Forest Survey Team, tree species other than the Relevant Biological Assets attached to the remaining areas of the Forestlands have no significant economic value. Accordingly, LCH determined the fair values of the Relevant Biological Assets as the fair values of the biological assets at the date of the acquisition and at end of the reporting period.

LCH determined the fair values of the Relevant Biological Assets using the Comparable Sales Approach which based on a special assumption (the "Special Assumption") that Relevant Biological Assets could be sold in an active market which is not the case as the Group does not have any licenses and approvals from the relevant authorises on out planting, cutting, logging, transplanting or selling the biological assets on piecemeal basis (hereinafter the "Relevant Licenses and Approvals") at the date of the acquisition and at the end of the reporting period. The Group will proceed to obtain the Relevant Licenses and Approvals when deemed necessary. As of the date of this report, the Group has not obtained the Relevant Licenses and Approvals.

Should the Group fails to obtain the Relevant Licenses and Approvals and the alternative estimates of fair value of the biological assets are either not available or determined to be clearly unreliable, the carrying amount of the biological assets may adversely affect. However, the directors consider that no impairment is necessary at the end of the reporting period as the Group considers that the Relevant Licenses and Approvals are not unobtainable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS (continued)

(b) Value of biological assets (continued)

In addition to the Special Assumption, principal assumptions adopted by LCH to value the fair values of the Relevant Biological Assets are as follows:

- the Group could be able to sell the Relevant Biological Assets in its highest and best form in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the Relevant Biological Assets;

- the Group has free and uninterrupted rights to assign the interest (a part of or the whole of) for the whole of the unexpired terms as granted and any premiums payable have already been fully paid;

- all required licenses, certificates, consents, or other legislative or administrative authority to dispose the Relevant Biological Assets from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed for any use on which the value estimates determined by LCH are based;

- the Investigation Report applied to the Relevant Biological Assets as at 31 March 2015 and 2014;

- the Relevant Biological Assets, as required under the relevant accounting standards, can be freely disposed, outplanting and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government; and

- the Group has adopted reasonable and necessary security measures and has considered several contingency plans against any disruption (such as fire, insects and soil erosion) to sale of the Relevant Biological Assets and the proper usage of the Relevant Biological Assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS (continued)

(c) Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's biological assets at as 31 March 2015 and 2014:

Recurring fair value measurement:

	2015			
		Fair value measurement categorised into		
	Fair value HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Biological assets	**61,242**	**–**	**–**	**61,242**

	2014			
		Fair value measurement categorised into		
	Fair value HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Biological assets	70,737	–	–	70,737

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS (continued)

(c) Fair value hierarchy (continued)

During the year ended 31 March 2015 and 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The valuation technique applied by LCH is Comparable Sales Approach. The fair value less costs of disposal of the Relevant Biological Assets are determined with reference to the market-determined prices of tree species with similar heights, adjusted for the conditions of Relevant Biological Assets. The valuation method adopted by LCH is limited to the following assumptions:

- the end product or the market being assessed are for inventory of standing trees;
- number of each tree species considered in LCH's valuation is based on the Investigation Report;
- the prices for each tree species are homogenous and the average price for each species was used as valuation basis. LCH has also factored in the age and height of the various tree species as provided in the Investigation Report; and
- prices for each species were taken from LCH's on-site research and interview, official construction cost journals, local practitioners, and forestry products industry information in the PRC from various websites in the public domain. No allowances for transportation were considered as these costs are normally paid for by the buyer. However, the referenced prices adopted are after allowance for the uprooting and loading.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. BIOLOGICAL ASSETS (continued)

(c) Fair value hierarchy (continued)

The following table presents the change in Level 3 fair value measurements for the year ended 31 March 2015 and 2014:

	Biological assets	
	2015	2014
	HK$'000	HK$'000
Balance at beginning of year	**70,737**	–
Acquired through acquisition of subsidiaries	**–**	71,022
Increases due to purchases	**383**	–
Loss arising from changes in fair value less costs of disposal recognised in consolidated income statement	**(9,936)**	–
Total gain/(loss) recognised in other comprehensive income	**58**	(285)
Balance at end of year	**61,242**	70,737

The total gain/(loss) recognised in other comprehensive income for the year is included in exchange differences arising on translation of financial statements of foreign operations as set out in consolidated statement of comprehensive income.

(d) Highest and best use

In estimating the fair value of the Relevant Biological Assets, the highest and best use of the Relevant Biological Assets is sale of Relevant Biological Assets to independent third parties. The Group's intended use of the Relevant Biological Assets are used in conjunction with the ecotourism. However, the Group has not yet commenced the business of ecotourism during the year. Alternative estimates of fair value of the biological assets which concurred on the Group's intended current use, such as using Income Approach and/or Cost Approach as advised by LCH, could not determine a clearly reliable fair value of the biological assets. Accordingly, Comparable Sales Approach is adopted.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. INVESTMENT PROPERTIES

	Group	
	2015	2014
	HK$'000	HK$'000
Carrying amount at beginning of year	**–**	44,800
Net losses from fair value adjustments	**–**	(2,150)
Disposal of subsidiaries (note 34(a))	**–**	(42,650)
Carrying amount at end of year	**–**	–

As at 31 March 2015 and 2014, the Group has no investment properties.

21. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1
Due from subsidiaries	**3,056,487**	3,102,926
Impairment*	**(1,637,487)**	(1,980,480)
	1,419,000	1,122,446
	1,419,001	1,122,447

* Due to the dismal performance of certain subsidiaries, impairment testing for amounts due therefrom was performed. An impairment was recognised for certain amounts due from subsidiaries with a carrying amount of approximately HK$3,056,487,000 (2014: HK$3,102,926,000) (before deducting the impairment loss) because these subsidiaries have deficiency in assets and, accordingly, a portion of the receivables is impaired. The reversal of impairment losses was recognised for the year ended 31 March 2015 amounting to approximately HK$296,070,000 (2014: HK$10,332,000). Owing to disposal and struck-off of certain subsidiaries during the year ended 31 March 2015 and 2014, allowance of impairment loss of amounts due from subsidiaries amounting to approximately HK$46,923,000 (2014:HK$5,100,000) has been written off as uncollectable.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

21. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES (continued)

As at 31 March 2015, included in the amounts due from subsidiaries are aggregate carrying amounts of approximately HK$66,254,000 (2014: HK$41,797,000) which carry interests ranging from 7% to 8% (2014: 7%) per annum. The remaining amounts due from subsidiaries with aggregate carrying amounts of approximately HK$1,352,746,000 (2014: HK$1,080,649,000) are interest-free. All the amounts due from subsidiaries are unsecured and have no fixed terms of repayment. In the opinion of the directors, these balances are considered as quasi-equity loans to the subsidiaries.

Particulars of principal subsidiaries are set out in note 44 to the consolidated financial statements.

22. AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Club membership debenture, at fair value (note a)	**4,600**	4,500	**4,600**	4,500
Debt element of a convertible bond, at fair value (note b)	**–**	13,106	**–**	–
	4,600	17,606	**4,600**	4,500

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Note:

(a) Club membership debenture was designated as an available-for-sale financial asset at initial recognition and has no fixed maturity date or coupon rate. The fair value of club membership debenture is based on its quoted price in an open market taking into account the estimated transfer fee upon sale. The Group does not intend to dispose the investments in the near future.

(b) As at 31 March 2015, the Group has no convertible bond. As at 31 March 2014, the amount represented the debt element of a convertible bond measured at fair value. Details of the convertible bond are set out in note 23 below. The fair value of debt element was the present value of the contractually determined stream of future cash flows discounted at the interest and providing substantially the same cash flows, on the same terms, but without the conversion options. The discount rate used to compute the fair value of debt element comprised the risk-free rate and a credit spread which was determined by reference to the credit analysis of the issuer and the market rate with similar credit rating. The credit spreads at the date of initial recognition and as at 31 March 2014 were 11.41% and 10.97% respectively.

During the year ended 31 March 2015, net fair value gains on available-for-sale investments amounting to approximately HK$100,000 (2014: HK$54,000) was recognised in statement of other comprehensive income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. CONVERSION OPTIONS EMBEDDED IN A CONVERTIBLE BOND

	Group	
	2015	2014
	HK$'000	HK$'000
Fair value of the entire convertible bond	**–**	15,485
Less: debt element of a convertible bond included in available-for-sale investments, at fair value (note 22)	**–**	(13,106)
Conversion options embedded in a convertible bond, at fair value	**–**	2,379

On 10 December 2013, the Group entered into a subscription agreement with Great Desire International Limited ("Great Desire"), a company incorporated in the British Virgin Islands, in relation to the subscription of convertible bond in the principal amount of HK$30,000,000. On 7 February 2014, the Group subscribed convertible bond in the principal amount of HK$15,000,000. The convertible bond was unsecured, carried interest of 5% per annum, payable half yearly each, and was due on 30 months after the date of issue.

The Group shall have the right exercisable to convert the whole or part of the outstanding principal amount of the convertible bond held by the Group into such number of shares of Great Desire as will be determined by dividing the principal amount of the convertible bond to be converted by the conversion price in effect on the maturity date. The conversion price of the convertible bond should be determined with reference to the net profit of Great Desire in the year 2015 at a price earnings ratio agreed by both parties to the subscription agreement.

The fair values at initial recognition of the debt element and conversion options embedded in a convertible bond amounted to approximately HK$12,952,000 and HK$2,048,000 respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

23. CONVERSION OPTIONS EMBEDDED IN A CONVERTIBLE BOND (continued)

The fair values of the entire convertible bond at initial recognition and at 31 March 2014 are calculated using Binomial tree pricing model. The inputs to the model were as follows:

	At initial recognition	At 31 March 2014
Expected net profit (note a)	HK$18,916,000	HK$18,916,000
Underlying asset value (note b)	HK$10,891,000	HK$12,127,000
Expected volatility (note c)	36.46%	32.66%
Risk-free rate (note d)	0.47%	0.60%
Dividend yield	0%	0%

Note:

(a) Expected net profit is determined by reference to the net profits suggested by Great Desire.

(b) Underlying asset value is determined by reference to Price to Earnings (P/E) and Enterprise Value to Earnings before Interest, Tax, Depreciation and Amortisation (EV to EBITDA) of companies principally engaged into similar business as the subsidiaries of Great Desire, adjusted for discount of lack of marketability.

(c) Expected volatility is the annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share prices of comparable companies.

(d) Risk-free rate is determined by reference to the yields to maturity of Hong Kong Exchange Fund Notes.

During the year ended 31 March 2015, the Group disposed a subsidiary which was principally holding the convertible bond and no gain or loss arising on change in fair value was recognised. During the year ended 31 March 2014, net gains arising on change in fair value of HK$331,000 were recognised in the consolidated income statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Non-current assets				
Rental deposit	**–**	700	**–**	–
Current assets				
Prepaid lease payments (note 17)	**1,068**	1,066	**–**	–
Prepayments	**1,093**	792	**999**	391
Deposits	**4**	79	**–**	–
Deposit paid for subscription of trading securities (Note)	**9,425**	–	**–**	–
Interest receivables	**1,025**	127	**–**	–
Other receivables	**2,654**	728	**562**	252
	15,269	2,792	**1,561**	643

Note: As at 31 March 2015, the deposit paid for subscription of trading securities is financed by margin and other loans advanced by a financial institution with aggregate carrying amount of HK$9,425,000 (2014: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2015	2014
	HK$'000	HK$'000
Non-current assets		
Unlisted equity investment, designated as at fair value through profit or loss upon initial recognition (note a)	**340,800**	112,800
Current assets		
Held-for-trading listed equity investments, at fair value (note b):		
Hong Kong	**337,067**	477,809
Elsewhere	**–**	36,693
	337,067	514,502

Note:

(a) The unlisted equity investment at 31 March 2015 and 2014 was, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss. The unlisted equity investment and the listed equity investments form a group of financial assets which are managed and their performances are evaluated on a fair value basis, in accordance with the Group's investment strategy. Their performances are regularly reviewed by the key management personnel of the Group.

On 12 June 2014, the Group through its indirectly wholly-owned subsidiary and HEC Capital Limited entered into a subscription agreement ("Subscription Agreement") pursuant to which the Group agreed to subscribe 38,000,000 subscription shares at a subscription price of HK$228,000,000 (the "Subscription'). Details of the Subscription Agreement are set out in the Company's announcement dated on 12 June 2014.

The fair value of unlisted equity investments was estimated by independent professionally qualified valuers with reference to the subscription prices of other recent share allotments of those investees with other independent third parties.

(b) At 31 March 2015 and 2014, the listed equity investments were held for trading and were classified as financial assets at fair value through profit or loss. The fair values of the listed equity investments were determined by quoted bid prices in active markets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(c) At 31 March 2015, the Group has an unlisted equity investment with carrying amount of approximately HK$340,800,000 (2014: nil) and a listed equity investment with carrying amount of approximately HK$322,400,000 (2014: HK$292,400,000), each of which exceed 10% of the Group's total assets. Particulars of these investments are as follows:

Company name	Place of incorporation	Principal activities	Particulars of issued share capital	Proportion of nominal value of issued capital held by the Group as at end of reporting period
At 31 March 2015				
HEC Capital Limited	Cayman Islands	Investment holding, property investment, investment advisory and financial services, investment in securities trading and money lending	Ordinary shares of HK$0.1 each	6.18%
China Smarter Energy Group Holdings Limited (formerly known as Rising Development Holdings Limited)	Bermuda	Investment holding, trading of securities, trading of fur garment and skins, and business of mining natural resources and clean energy operation	Ordinary shares of HK$0.01 each	3.72%
At 31 March 2014				
China Smarter Energy Group Holdings Limited (formerly known as Rising Development Holdings Limited)	Bermuda	Investment holding, trading of securities, manufacture and sale of fur garment and skins, and businesses of mining natural resources and solar energy	Ordinary shares of HK$0.01 each	4.58%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

25. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(d) At the end of the reporting period, the Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 (2014: nil) was pledged as a security for margin and other loans advanced by a financial institution (note 29(b)). The Group's investment in listed equity securities with carrying value of approximately HK$10,891,000 (2014: 477,809,000) were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilised as at the end of the reporting period (note 36).

26. LOANS RECEIVABLE

	Group	
	2015	2014
	HK$'000	HK$'000
Loans receivable	**45,000**	32,489
Less: allowance for impairment loss	**–**	(2,489)
	45,000	30,000

Loans receivable as at 31 March 2015 represent receivables arising from the money lending business of the Group and carry fix interest rate of 9.8% per annum (2014: at variable interest rate of 2.5% per annum over Hong Kong Dollar prime rate). The effective interest rate of such loans receivable as at 31 March 2015 is 9.8% (2014: 7.5%) per annum. The granting of these loans has been approved and monitored by the Company's executive directors in charge of the Group's money lending operations. Overdue balances are reviewed regularly by senior management.

As at 31 March 2015 and 2014, the Group did not hold any collateral or other credit enhancements over the loans receivable.

26. LOANS RECEIVABLE (continued)

On 6 November 2013, the Company and a financial institution (the "Participant") entered into a loan participation agreement pursuant to which the Participant agreed to arrange and provide to the Group a participation scheme in respect of the loans receivable (the "Loans") amounting to approximately HK$24,800,000, which was classified as non-current portion as at 31 March 2013, in that the Participant irrevocably offers to the Group to participate in each of the Loans to the extent of 100% thereof in the consideration of HK$24,800,000 (the "Participation"). In consideration of the Participant's arrangement of the Participation, the Group shall pay an arrangement fee of HK$3,600,000 and the interests received in advance on the Loans of HK$400,000 to the Participant or its nominee. Accordingly, an impairment loss on loans receivable of HK$3,600,000 was made in the consolidated income statement for the year ended 31 March 2014. The Loans was derecognised entirety during the year ended 31 March 2014 upon the transfer of all risks, rewards, rights and obligations of the Loans to another financial institution pursuant to a deed of assignment.

The movements in the allowance for impairment loss of loans receivable are as follows:

	2015 **HK$'000**	2014 HK$'000
At beginning of year	**2,489**	2,498
Impairment loss for the year	**–**	3,600
Written off as uncollectable	**(2,489)**	(3,600)
At end of year	**–**	2,489

As at 31 March 2015, there is no allowance for impairment loss of loans receivable. The allowance for impairment loss of loans receivable as at 31 March 2014 was an individually impaired loans receivable of HK$2,489,000 with an original carrying amount of HK$2,489,000.

The individually impaired loans receivable relates to a borrower that was in financial difficulties and was in default in both interest and principal payments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

26. LOANS RECEIVABLE (continued)

The aged analysis of the loans receivable that are not considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**45,000**	30,000

Receivables that were neither past due nor impaired relate to a number of borrowers that have good business relationship with the Group. The executive directors of the Company in charge of the Group's money lending operations believes that no allowance for impairment loss is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

27. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets	
	2015	2014
Group	**HK$'000**	HK$'000
Call and put options	**–**	19,763

On 8 August 2011, the Group entered into an options agreement (the "Options Agreement") with an independent third party (the "Buyer") whereby (i) the Group had granted to the Buyer an option to purchase (the "Call Option") and; (ii) the Buyer had granted to the Group an option to sell (the "Put Option"), for a period of five years, the entire issued capital of the Company's wholly-owned subsidiary, Apex, together with the assignment of a shareholders' loan due therefrom (if any) in accordance with the terms of the Options Agreement. Apex Group was primarily involved in Chinese medicine clinic operation.

According to the Options Agreement, the Group shall warrant that, amongst other things, until the exercise or expiry of the Options (i) the total amount of the paid up share capital of Apex and the shareholders' loan(s) of the Group will not be less than HK$25,000,000; and (ii) the total amount of liabilities of Apex Group excluding the shareholders' loan(s) will not exceed HK$10,000,000.

27. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

The exercise price was determined with the following conditions:

(I) If the audited consolidated financial statements of the Apex Group for the year ended 31 March 2012 or any accounting period subsequent thereto have not been released and issued, the exercise price shall be HK$25,000,000 for the exercise of Options;

and

(II) If the audited consolidated financial statements of Apex Group for the year ended 31 March 2012 or any accounting period subsequent thereto have been released and issued, the exercise price shall be as follows:

(a) In the case of the exercise of the Call Option, the higher of (i) HK$25,000,000; or (ii) the lower of 10 times earnings before interest, tax, depreciation and amortisation ("EBITDA") or HK$75,000,000; and

(b) In the case of the exercise of the Put Option, the higher of (i) HK$25,000,000; or (ii) the lower of 5 times EBITDA or HK$75,000,000.

On 26 August 2014, the Group and the Buyer entered into a termination deed pursuant to which the Group and the Buyer agreed to early terminate the Options Agreement and accordingly the balance of derivative financial instruments is nil as at 31 March 2015. As at 31 March 2014, the above derivative financial instruments were measured at fair value at the end of the reporting period and the fair value was determined based on the asset-based approach.

During the year ended 31 March 2015, fair value loss (2014: gains) on derivative financial instruments of approximately HK$19,763,000 (2014: HK$1,972,000) has been included in loss for the year from discontinued operation (note 12).

28. CASH AND CASH EQUIVALENTS

As at 31 March 2015, the Group maintained cash and cash equivalents amounting to approximately HK$1,201,000 (2014: HK$5,471,000) in the PRC, the remittance of which is subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. BORROWINGS

	Group		Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Interest-bearing bank borrowings (note a):				
– portion of bank borrowings due for repayment within one year	**–**	1,405	**–**	–
– portion of bank borrowings due for repayment after one year which contain a repayment on demand clause	**–**	23,640	**–**	–
Margin and other loans (note b)	**9,520**	–	**–**	–
Bonds due for repayment (note c):				
– within one year	**983**	488	**983**	488
– after one year	**18,813**	9,300	**18,813**	9,300
	29,316	34,833	**19,796**	9,788
Less: amount classified as current liabilities	**(10,503)**	(25,533)	**(983)**	(488)
Amount classified as non-current liabilities	**18,813**	9,300	**18,813**	9,300
Analysed as:				
Secured	**9,520**	25,045	**–**	–
Unsecured	**19,796**	9,788	**19,796**	9,788
	29,316	34,833	**19,796**	9,788

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. BORROWINGS (continued)

Note:

(a) Interest-bearing bank borrowings

As at 31 March 2015, the Group has no interest-bearing bank borrowings.

As at 31 March 2014, the Group's term loans with an aggregate carrying amount of HK$25,045,000 containing a repayment on demand clause had been classified in total as current liabilities. Accordingly, a portion of the bank borrowings due for repayment after one year with an aggregate carrying amount of HK$23,640,000 had been reclassified under current liabilities. For the purpose of the above analysis, the borrowings were included within current interest-bearing bank borrowings and analysed into bank borrowings repayable within one year or on demand.

Ignoring the effect of any repayment on demand clause and based on the maturity terms of the loans, the loans were repayable:

	Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**–**	1,405
In the second year	**–**	1,467
In the third to fifth years, inclusive	**–**	4,558
Beyond five years	**–**	17,615
	–	25,045

As at 31 March 2014, the Group's bank borrowings were variable-rate borrowings which carried interest at Hong Kong Interbank Offer Rate ("HIBOR") plus 1.5% and the effective interest rate was 1.71%. The maturity, being the year when the last instalment of the bank borrowings falls due which ignores the effect of any repayment on demand clause, was year 2029.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. BORROWINGS (continued)

Note: (continued)

(b) Margin and other loans

As at 31 March 2015, the Group has margin and other loans advanced by a financial institution for the subscription of trading securities. The subscription was not completed as at 31 March 2015 and accordingly deposits for the subscription of trading securities of approximately HK$9,425,000 has been included in prepayments, deposits and other receivables as set out in note 24 above. The margin and other loans at 31 March 2015 have no fixed terms of repayment and carry contractual and effective interest of 8% and 1.3% per annum, respectively. As at 31 March 2014, the Group had no margin and other loans.

(c) Bonds

	Group and Company	
	2015	2014
	HK$'000	HK$'000
At beginning of year	**9,788**	–
Gross proceeds from issue of bonds during the year	**10,000**	360,000
Less: transaction costs arising from issue of bonds	**(500)**	(26,800)
	19,288	333,200
Interest charged calculated at an effective interest rate (note 8)	**1,008**	37,152
Less: bond interest paid during the year	**(500)**	–
Less: early redemption during the year	**–**	(360,564)
At end of year	**19,796**	9,788

On 15 October 2012, the Company entered into a selling agreement (the "Selling Agreement") with Freeman Securities Limited ("Freeman"), pursuant to which Freeman agreed to sell a series of 5% unsecured seven-year straight bonds with an aggregate principal amount to HK$450,000,000 to be issued by the Company during a 6-month selling period ended which was further extended to 30 June 2013. During the year ended 31 March 2014, such straight bonds with an aggregate principal amount of HK$350,000,000 were issued and were fully redeemed.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. BORROWINGS (continued)

Note: (continued)

(c) Bonds (continued)

During the year ended 31 March 2015, the Company issued a 5% unsecured seven-year straight bonds with principal amount of HK$10,000,000 to an independent third party. The final maturity of the bond issued is in the year 2021.

During the year ended 31 March 2014, the Company issued a 5% unsecured seven-year straight bonds with principal amount of HK$10,000,000 to an independent third party. The final maturity of the bond issued is in the year 2020.

(d) Pledge of assets

As at 31 March 2015, margin and other loans are secured by a listed equity investment with carrying amount of approximately HK$3,776,000.

As at 31 March 2014, the interest-bearing bank borrowings with carrying amount of approximately HK$25,045,000 were secured by mortgage over the Group's leasehold land and building which was situated in Hong Kong with carrying amount of approximately HK$63,195,000 and a corporate guarantee with amount up to HK$31,500,000 executed by the Company.

(e) Offsetting arrangement

The following table presents the recognised borrowings that are subject to netting arrangement but not offset as at 31 March 2015, and shows the net impact would be on the consolidated statement of financial position if all offsetting rights were exercised. At 31 March 2014, there was no netting arrangement in respect of recognised borrowings.

Borrowings

	Amounts offset			Amounts not offset		
	Gross liabilities	Gross assets offset	Net amounts presented	Investments at fair value through profit or loss pledged (note 26)	Deposit paid for subscription of trading securities (note 24)	Net
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2015						
Margin and other loans	9,520	–	9,520	3,776	9,425	(3,681)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

30. DEFERRED TAX

The components of deferred tax liabilities and assets recognised in the consolidated statement of financial position and the movements during the years ended 31 March 2015 and 2014 are as follows:

Group

	Depreciation allowances in excess of related depreciation	Loss available for offsetting against future taxable profits	Changes in fair values of investments at fair value through profit or loss	Fair value adjustments arising from business combination	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	1,735	(1,137)	–	–	598
Acquisition of subsidiaries (note 34(b))	–	–	–	197,172	197,172
Charge/(credited) to profit or loss for the year	(987)	987	–	(4,091)	(4,091)
Exchange realignment	–	–	–	(791)	(791)
At 31 March 2014 and 1 April 2014	748	(150)	–	192,290	192,888
Disposal of subsidiaries (note 34(a))	(748)	150	–	–	(598)
Charge/(credited) to profit or loss for the year	–	–	4,848	(6,578)	(1,730)
Exchange realignment	–	–	–	155	155
At 31 March 2015	–	–	4,848	185,867	190,715

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

30. DEFERRED TAX (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of deferred tax balances for financial reporting purposes:

	2015 HK$'000	2014 HK$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	**190,715**	192,888

At 31 March 2015, the Group had tax losses arising in Hong Kong of approximately HK$110,126,000 (2014: HK$1,242,044,000) that are subject to the agreement by the Hong Kong Inland Revenue Department and are available indefinitely for offsetting against future taxable profits arising in Hong Kong of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of those losses due to the unpredictability of future taxable profit streams of those companies and, accordingly, in the opinion of the directors, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

31. ISSUED CAPITAL

Authorised and issued capital

	Company	
	2015 HK$'000	2014 HK$'000
Authorised capital:		
2,000,000,000,000 (2014: 500,000,000,000) ordinary shares of HK$0.00025 (2014: HK$0.001) each	**500,000**	500,000
Issued and fully paid:		
16,943,718,244 (2014: 2,823,953,041) ordinary shares of HK$0.00025 (2014: HK$0.001) each	**4,236**	2,824

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. ISSUED CAPITAL (continued)

Authorised and issued capital (continued)

A summary of the movements in the Company's issued ordinary share capital and share premium account is as follows:

	Note	Number of shares in issue	Issued capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 April 2013		1,877,204,322	1,877	1,454,366	1,456,243
Right issues	(a)	939,739,198	940	201,104	202,044
Warrants exercised	(b)	7,009,521	7	1,357	1,364
Share issue expenses		–	–	(5,651)	(5,651)
At 31 March 2014 and 1 April 2014		2,823,953,041	2,824	1,651,176	1,654,000
Bonus issue	(c)	1,411,976,520	1,412	(1,412)	–
Shares subdivision	(d)	12,707,788,683	–	–	–
At 31 March 2015		16,943,718,244	4,236	1,649,764	1,654,000

Note:

(a) On 9 May 2013, a rights issue of one rights share for every two existing share held by the members of the Company on the register of members on 9 May 2013 was made by the Company, at an issue price of HK$0.215 per rights share, resulting in the issuance of 939,739,198 ordinary shares of the Company of HK$0.001 each for a total cash consideration, before expenses, of approximately HK$202,044,000. Further details of the rights issue are also set out in the Company's prospectus dated 10 May 2013 and the Company's announcement dated 4 June 2013.

(b) During the year ended 31 March 2014, 2,274,075 shares of HK$0.001 each and 4,735,446 shares of HK$0.001 each were issued for cash at a subscription price of HK$0.20 and HK$0.192 per share respectively, pursuant to the exercise of the Company's warrants for a total cash consideration, before expenses, of approximately HK$1,364,000.

(c) On 18 July 2014, the Company announced that the Board proposed a bonus issue on the basis of one bonus issue for every two existing shares held by members of the Company on the register of members on 26 August 2014. Further details of the bonus issue are set out in the Company's circular dated 1 August 2014 and the Company's announcement dated 18 July 2014.

31. ISSUED CAPITAL (continued)

Authorised and issued capital (continued)

(d) On 16 December 2014, the Company announced that the Board proposed to implement a share subdivision on the basis that each issued and unissued share of par value HK$0.001 each in the share capital of the Company was subdivided into four subdivided shares of par value HK$0.00025 each. Further details of the share subdivision are set out in the Company's circular dated 6 January 2015 and the Company's announcement dated 16 December 2014.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business operations and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2015 and 2014.

The Group monitors capital using a gearing ratio, which is total borrowings divided by total assets. Total borrowings represent interest-bearing borrowings. The Group's policy is to maintain the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting periods were as follows:

	Company	
	2015	2014
	HK$'000	HK$'000
Total borrowings	**29,316**	34,833
Total assets	**1,644,249**	1,741,526
Gearing ratio	**2%**	2%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

32. SHARE OPTION SCHEME

The Company's share option scheme ("Old Share Option Scheme") was adopted pursuant to an ordinary resolution passed at a special general meeting of the Company held on 28 September 2004 for the primary purpose providing incentives to selected participants for their contribution to the Group, and has expired on 27 September 2014. On 18 August 2014, the Company adopted a new share option scheme ("New Share Option Scheme") pursuant to an ordinary resolution passed at the annual general meeting of the Company and New Share Option Scheme has been effective immediately after Old Share Option Scheme expired. The New Share Option Scheme will remain in force for a period of 10 years until 27 September 2024. Under New Share Option Scheme, the board of directors of the Company may grant options to the Company's directors, including the independent non-executive directors, and other employees of the Group and of the Group's investee entities, and any advisor or agent engaged by any member of the Group or any investee entity.

The maximum number of unexercised share options currently permitted to be granted under New Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 25 September 2014 on which refreshment of the scheme mandate limit was approved at the special general meeting. As at the date of this annual report, the total number of shares available for issue under the New Share Option Scheme is 1,524,971,824 shares of the Company, representing 9.00% of the issued share capital of the Company. The maximum number of shares issuable under share options to each eligible participant in New Share Option Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

Under New Share Option Scheme, the offer of a grant of share options may be accepted within 15 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. There is no provision as to the minimum period for which the share options must be held or the performance targets which must be achieved before the share options can be exercised. The exercise period of the share options granted is determinable by the directors and commences on the date of grant and ends on a date which is not later than 10 years from the date of offer of the share options or the expiry date of New Share Option Scheme, if earlier.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

32. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Details of the share options granted under New Share Option Scheme during the year and outstanding as at 31 March 2015 are as follows:

	Number of share options*							Adjusted price of the Company's shares**		
Name of participant	At 1 April 2014 '000	Granted during the year '000	Adjustment due to subdivision '000	At 31 March 2015 '000	Date of grant of share options	Exercise period of share options	Adjusted exercise price of share options* HK$ per share	At grant date of share options HK$ per share	Immediately before the exercise date HK$ per share	At exercise date of share options HK$ per share
Mr. Yau Wai Lung	–	42,350	127,050	169,400	5-12-2014	5-12-2014 to 4-12-2024	0.42	0.405	N/A	N/A

* The exercise price and the number of share options are subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital. During the year ended 31 March 2015, the Company implemented a share subdivision, details of which are set out in note 31(d) above. Accordingly, the exercise price and the number of share options disclosed above have been adjusted to reflect this change.

** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options after the adjustment due to share subdivision.

The estimated fair value of the share options granted on 5 December 2014 was HK$0.948 per share option before adjustment due to share subdivision. The fair value was calculated using the Binomial Model. The inputs into the model were as follows:

	5 December 2014
Expected volatility (%) – note (a)	104.81
Risk-free interest rate (%)	1.73
Option life (year)	10
Dividend yield (%)	0
Weighted average share price before adjustment due to share subdivision (HK$ per share)	1.62
Exercise multiple – note (b)	2.47

32. SHARE OPTION SCHEME (continued)

Note:

(a) The expected volatility is determined based on the historical volatility of the share prices of the Company.

(b) The exercise multiple defines the early exercise strategy.

No vesting conditions are set for the share options granted on 5 December 2014.

Because the Binomial Model requires the input of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Share-based payment expenses of approximately HK$40,150,000, which was determined with reference to the fair value of share options granted at the grant date, has been recognised in the consolidated income statement during the year ended 31 March 2015 with a corresponding increase in share options reserve within equity. For the year ended 31 March 2014, there is no share-based payment expenses as the Company did not grant any share options in that year.

33. SHARE PREMIUM AND RESERVES

(a) Share premium and reserves

(i) Share premium account

Share premium account represents the excess of proceeds received over the nominal value of the Company's shares issued, less share issue expenses. Pursuant to the Companies Act of Bermuda, the Company's share premium account may be distributed in the form of fully paid bonus shares.

(ii) Capital redemption reserve

Capital redemption reserve arose from the reduction of the nominal value of the issued capital of the Company upon the cancellation of the repurchased shares.

(iii) Share options reserve

Share options reserve relates to share options granted to employees under New Share Option Scheme. Further information about share-based payments to employees is set out in note 32 above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. SHARE PREMIUM AND RESERVES (continued)

(a) Share premium and reserves (continued)

(iv) Contributed surplus

Contributed surplus arose from capital reorganisation in previous years. Under the Companies Act of Bermuda, the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

(v) Available-for-sale investments revaluation reserve

The reserve comprises the cumulative net changes in fair value of available-for-sale investments held at the end of the reporting period.

(vi) Translation reserve

The reserve comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.

(b) Reconciliation of movements of share premium and reserves

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's share premium and reserves between the beginning and the end of years are set out below:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. SHARE PREMIUM AND RESERVES (continued)

(b) Reconciliation of movements of share premium and reserves (continued)

Company

	Note	Share premium account HK$'000	Share options reserve HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Available-for-sale investments revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013		1,454,366	–	1,177	1,524,577	120	(2,023,783)	956,457
Loss for the year		–	–	–	–	–	(41,952)	(41,952)
Other comprehensive loss for the year:								
Change in fair value of available-for-sale investments		–	–	–	–	(100)	–	(100)
Total comprehensive loss for the year		–	–	–	–	(100)	(41,952)	(42,052)
Right issues	31(a)	201,104	–	–	–	–	–	201,104
Warrants exercised	31(b)	1,357	–	–	–	–	–	1,357
Share issue expenses	31	(5,651)	–	–	–	–	–	(5,651)
At 31 March 2014		1,651,176	–	1,177	1,524,577	20	(2,065,735)	1,111,215
At 1 April 2014		1,651,176	–	1,177	1,524,577	20	(2,065,735)	1,111,215
Profit for the year		–	–	–	–	–	251,873	251,873
Other comprehensive income for the year:								
Change in fair value of available-for-sale investment		–	–	–	–	100	–	100
Total comprehensive income for the year		–	–	–	–	100	251,873	251,973
Bonus issues	31(c)	(1,412)	–	–	–	–	–	(1,412)
Recognition of equity-settled share-based payments	32	–	40,150	–	–	–	–	40,150
At 31 March 2015		1,649,764	40,150	1,177	1,524,577	120	(1,813,862)	1,401,926

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

33. SHARE PREMIUM AND RESERVES (continued)

(c) Reserves available for distribution

As at 31 March 2015 and 2014, the Company has no reserve available for distribution to equity shareholders of the Company other than the share premium account of approximately HK$1,649,764,000 (2014: HK$1,651,176,000), and the contributed surplus of approximately HK$1,524,577,000 (2014: HK$1,524,577,000) both of which may be distributed under certain circumstances set out in note 33(a) to the consolidated financial statements.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Disposal of subsidiaries

For the year ended 31 March 2015

(i) Disposal of entire interest in Dollar Group Limited ("Dollar Group")

On 1 August 2014, the Group entered into an agreement with an independent third party to dispose the entire interest in Dollar Group for a cash consideration of approximately HK$100,000. Dollar Group was principally engaged in investment in securities and did not hold any securities at the date of disposal. The transaction was completed on the same day and has resulted in the recognition of a gain of approximately HK$88,000 in the consolidated income statement for the year ended 31 March 2015.

(ii) Disposal of entire interest in Golden Victory Holdings Limited ("Golden Victory", together with its subsidiary, collectively referred to as "Golden Victory Group")

On 11 August 2014, Coupeville Limited ("Coupeville"), a wholly-owned subsidiary of the Company, entered into an agreement with Sun Metro Global Limited ("Sun Metro"), a company wholly-owned by Dr. Kwong Kai Sing, Benny ("Dr. Kwong"), a former chairman and executive director of the Company, pursuant to which Coupeville agreed to sell and Sun Metro agreed to purchase the entire interest in Golden Victory for a cash consideration of approximately HK$41,000,000. Golden Victory Group principally held a property used by Dr. Kwong. The transaction was completed on 19 September 2014 and has resulted in the recognition of a gain of approximately HK$3,627,000 in the consolidated income statement for the year ended 31 March 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015 (continued)

(iii) *Disposal of entire interest in Alpha Ease International Limited ("Alpha Ease")*

On 20 August 2014, Coupeville entered into an agreement with an independent third party to dispose the entire interest in Alpha Ease, which principally held a convertible bond, for a cash consideration of approximately HK$10,000,000. The transaction was completed on the same day and has resulted in the recognition of a loss of approximately HK$5,720,000 in the consolidated income statement for the year ended 31 March 2015.

(iv) *Disposal of entire interest in Mild City Limited ("Mild City") and Rainbow Fair Development Limited ("Rainbow Fair")*

On 25 August 2014, the Group entered into two agreements with an independent third party to dispose the entire interest in Mild City and Rainbow Fair, for an aggregate cash consideration of approximately HK$500,000. Mild City and Rainbow Fair principally held motor vehicles. The transactions were completed on the same day and have resulted in recognition of an aggregate gain of approximately HK$460,000 in the consolidated income statement for the year ended 31 March 2015.

(v) *Disposal of entire interest in Heritage International Finance Limited ("Heritage Finance")*

On 28 August 2014, Coupeville entered into an agreement with Sun Metro to dispose the entire interest in Heritage Finance, which was principally engaged in money lending business, for a cash consideration of approximately HK$100,000. The transaction was completed on 29 August 2014 and has resulted in the recognition of a gain of approximately HK$90,000 in the consolidated income statement for the year ended 31 March 2015.

(vi) *Disposal of entire interest in Apex*

On 5 November 2014, Power Global entered into an agreement with High Rhine to dispose the entire interest in Apex, together with assignment of outstanding shareholder loan advanced by the Company to Apex Group, for a cash consideration of approximately HK$500,000. Apex Group was principally involved in Chinese medicine clinic operation. The transaction was completed on 20 November 2014 and has resulted in the recognition of a loss of approximately HK$398,000 included in loss for the year from discontinued operation for the year ended 31 March 2015. Details are set out in note 12 to the consolidated financial statements above.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015 (continued)

The net assets of the subsidiaries at the respective dates of disposal were as follows:

	Golden Victory Group at 19 September 2014 HK$'000	Alpha Ease at 20 August 2014 HK$'000	Heritage Finance at 29 August 2014 HK$'000	Dollar Group at 1 August 2014 HK$'000	Mild City at 25 August 2014 HK$'000	Rainbow Fair at 25 August 2014 HK$'000	Apex Group at 20 November 2014 HK$'000	Total HK$'000
Analysis of assets and liabilities over which control was lost:								
Property, plant and equipment	62,420	–	–	–	29	–	580	63,029
Available-for-sale investments	–	13,106	–	–	–	–	–	13,106
Conversion options embedded in a convertible bond	–	2,379	–	–	–	–	–	2,379
Inventories	–	–	–	–	–	–	114	114
Prepayments, deposits and other receivables	32	389	9	3	11	–	92	536
Cash and cash equivalents	5	–	1	9	–	–	300	315
Other payables and accruals	–	–	–	–	–	–	(188)	(188)
Borrowings	(24,486)	–	–	–	–	–	–	(24,486)
Deferred tax liabilities	(598)	–	–	–	–	–	–	(598)
Net assets disposed of	37,373	15,874	10	12	40	–	898	54,207
(Loss)/gain on disposal of subsidiaries								
Consideration received	41,000	10,000	100	100	400	100	500	52,200
Net assets disposed of	(37,373)	(15,874)	(10)	(12)	(40)	–	(898)	(54,207)
(Loss)/gain on disposal before release of available-for-sale investments revaluation reserve	3,627	(5,874)	90	88	360	100	(398)	(2,007)
Cumulative fair value changes of an available-for-sale investment reclassified to profit or loss	–	154	–	–	–	–	–	154
(Loss)/gain on disposal after release of available-for-sale investments revaluation reserve	3,627	(5,720)	90	88	360	100	(398)	(1,853)
Net cash inflow arising on disposal:								
Cash consideration received	41,000	10,000	100	100	400	100	500	52,200
Less: cash and cash equivalents disposed of	(5)	–	(1)	(9)	–	–	(300)	(315)
	40,995	10,000	99	91	400	100	200	51,885

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(a) Disposal of subsidiaries (continued)

For the year ended 31 March 2015 (continued)

Loss on disposal of approximately HK$398,000 has been included in loss for the year from discontinued operation for the year ended 31 March 2015 and net loss on disposal approximately HK$1,455,000 has been included in the consolidated income statement for the year ended 31 March 2015.

For the year ended 31 March 2014

During the year ended 31 March 2014, the Group had entered into two agreements with an independent third party for the disposal of subsidiaries. The aggregate net assets of these subsidiaries at their respective dates of disposal were as follows:

	2014 HK$'000
Net assets disposed of:	
Investment properties (note 20)	42,650
Prepayments, deposits and other receivables	265
Other payables and accruals	(16)
Interest-bearing bank borrowing	(5,319)
	37,580
Loss on disposal of subsidiaries	(500)
Consideration satisfied by cash and net inflow of cash and cash equivalents in respect of disposal of subsidiaries	37,080

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries

For the year ended 31 March 2015

During the year ended 31 March 2015, the Group had not acquired any subsidiaries.

For the year ended 31 March 2014

On 5 April 2013, the Group acquired the entire share capital of Global Castle Investment Limited ("Global Castle") and the entire shareholder loan and other indebtedness due to Speedy Harvest Holdings Limited (the "Vendor") owed by Global Castle and its subsidiaries ("Global Castle Group") pursuant to a sales and purchase agreement dated 5 October 2012 which was supplemented by a supplemental agreement dated 24 December 2012 between the Group and the Vendor, at a total consideration of HK$800,000,000.

As a result of the acquisition, the Group expects to diversify its business to capture the benefits from the trend of ecotourism in the PRC by utilising the Forestlands in Qinglong in the PRC whose rights to use were held by Global Castle Group at the date of acquisition. Goodwill of approximately HK$148,635,000 arising from the acquisition is attributable to the management of the Forestlands segment of the Group.

None of the goodwill recognised is expected to be deductible for income tax purpose. The following table summarises the consideration paid for the acquisition and the amounts of assets acquired and liabilities assumed recognised at the date of acquisition, together with the fair value adjustments in relation to biological assets and favourable lease asset and their corresponding deferred tax effects at the date of acquisition.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2014 (continued)

	HK$'000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment (note 16)	974
Prepaid lease payments (note 17)	47,128
Biological assets (note 19)	5,236
Prepayments and other receivables	375
Cash and cash equivalents	6,599
Other payables and accruals	(461)
Loan from and amount due to the Vendor	(62,898)
Total identifiable net liabilities of subsidiaries assumed	(3,047)
Fair value adjustments on:	
Favourable lease asset, included in intangible assets (note 18)	722,900
Biological assets (note 19)	65,786
Deferred tax liabilities (note 30)	(197,172)
Total identifiable net assets	588,467
Loan from and amount due to the Vendor acquired by the Group	62,898
Goodwill (note 18)	148,635
	800,000

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2014 (continued)

	HK$'000
Total consideration satisfied by:	
Cash consideration paid during the year ended 31 March 2013 recognised as deposits as at 31 March 2013	470,000
Cash consideration paid during the year ended 31 March 2014	330,000
	800,000

	HK$'000
Net cash outflow arising on the Acquisition during the year:	
Cash consideration paid during the current year	330,000
Cash and cash equivalents acquired	(6,599)
	323,401

Acquisition-related costs of approximately HK$2,953,000 were charged to other expenses in the consolidated income statement for the year ended 31 March 2013. No acquisition-related costs were recognised during the year ended 31 March 2014.

The fair value of favourable lease asset at the acquisition date was determined based on an assumption that the fair values of biological assets attached to the Forestlands together with the fair value of lease assets in relation to the land portion of the Forestlands form the entire fair value of the Forestlands. The Group had engaged LCH to determine the fair values of the Forestlands using the Comparable Sales Approach, by reference to ask prices of comparable forestlands in the neighbourhood townships, adjusted for the condition and features of the comparable forestlands such as their locations, accessibility, size and tree species planted. The fair value of favourable lease asset at acquisition date is computed as follows:

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(b) Acquisition of subsidiaries (continued)

For the year ended 31 March 2014 (continued)

	HK$'000
Fair value of the Forestlands	841,050
Less: fair value of biological assets	(71,022)
Less: prepaid lease payments	(47,128)
Fair value of favourable lease asset at acquisition date	722,900

Fair value of biological assets at the acquisition date was determined by LCH with reference to the market-determined prices of tree species with similar heights, adjusted for the conditions of Relevant Biological Assets. This is categorised as Level 3 fair value hierarchy. Details are set out in note 19 above.

During the year ended 31 March 2014, Global Castle Group had no revenue contributed to the Group since the acquisition. The profit per the consolidated income statement for the year ended 31 March 2014 included a loss of approximately HK$20,867,000 contributed by Global Castle Group over the same year. Had the acquisition been completed on 1 April 2013, the consolidated income statement would have included revenue of HK$ Nil and loss of approximately HK$20,867,000.

(c) Major non-cash transaction

During the year ended 31 March 2015, the Group has placed deposit for the subscription of trading securities of approximately HK$9,425,000 which are financed by margin and other loans advanced by a financial institution. The subscription was not completed as at 31 March 2015 and the deposit for the subscription of trading securities has been included in prepayments, deposits and other receivables. The above non-cash financing activity has not been reflected in the consolidated statement of cash flows. Details are set out in note 29(b) above.

During the year ended 31 March 2014, the Group had not entered into any non-cash investing and financing activities.

35. FINANCIAL GUARANTEE CONTRACT

As at 31 March 2015, the Company has not issued any financial guarantee.

At 31 March 2014, the Company had issued a financial guarantee to a bank in respect of banking facility granted to a subsidiary of the Company which has been released during the year ended 31 March 2015. Details are as follows:

	Company	
	2015	2014
	HK$'000	HK$'000
Guarantee given to a bank in connection with facility granted to a subsidiary	**–**	31,500

As a 31 March 2014, the banking facility granted to a subsidiary subject to guarantee given to the bank by the Company was utilised to the extent of approximately HK$25,045,000.

36. PLEDGE OF ASSETS

At the end of the reporting period, the Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 (2014: nil) was pledged as a security for margin and other loans advanced by a financial institution (note 29(b)). The Group's investment in listed equity securities with carrying value of approximately HK$10,891,000 (2014: 477,809,000) were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilised as at the end of the reporting period (note 25).

At 31 March 2015, the entire share capital of Shengyuan Investments Management Services (Tianjin) Co. Limited, a wholly-owned subsidiary of the Company, amounting to approximately HK$9,001,000 has been pledged to a bank in Hong Kong to secure a proposed facility granted to the Group. Such banking facility had been authorised but unissued at 31 March 2015.

Details of the Group's interest-bearing bank borrowings, which were secured by certain assets of the Group (note 16), are included in note 29 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. COMMITMENTS

Operating lease arrangements

(a) As lessor

As at 31 March 2015, the Group had not entered into any operating lease arrangements as lessor. As at 31 March 2014, the Group leased its office premise under operating lease arrangement, with lease negotiated for initial term of three years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**–**	2,016
In the second to fifth years, inclusive	**–**	1,703
	–	3,719

(b) As lessee

The Group leases certain office premises under operating lease arrangements, with leases negotiated for initial terms ranging from two to three years (2014: one to five years).

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

	Group	
	2015	2014
	HK$'000	HK$'000
Within one year	**1,562**	9,795
In the second to fifth years, inclusive	**1,122**	8,296
	2,684	18,091

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

37. COMMITMENTS (continued)

Capital commitments

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	Group	
	2015	2014
	HK$'000	HK$'000
Contracted, but not provided for:		
Leasehold land and building	**–**	2,100
Leasehold improvements	**–**	936
Capital contribution to a subsidiary (note)	**2,000**	–
	2,000	3,036

Note: pursuant to an approval from relevant government authority in the PRC on 13 February 2015, the registered capital of a subsidiary in the PRC is authorised to increase by approximately HK$2,000,000. The Group has fully injected the additional capital contribution on 29 May 2015.

38. RELATED PARTY TRANSACTIONS

During the year, the Group had the following transactions with related parties:

(a) During the year ended 31 March 2015, the Group entered into agreements with Sun Metro, which is wholly-owned by Dr. Kwong, to dispose the entire interest in Golden Victory Group and Heritage Finance for considerations of HK$41,000,000 and HK$100,000, respectively. Details of the disposal are set out in note 34(a) above.

(b) On 31 March 2014, the Group disposed its entire equity interest in New Range Investments Limited ("New Range"), a jointly-controlled entity, to another joint venture partner of New Range with a minimal consideration. Prior to the disposal, New Range was an investment holding and its subsidiaries were principally engaged into provision of investment and management consultancy services and advertising and related services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

38. RELATED PARTY TRANSACTIONS (continued)

(c) Compensation of key management personnel of the Group:

	2015 HK$'000	2014 HK$'000
Short term employee benefits	6,312	8,228
Post-employment benefits	60	71
Equity-settled share-based payments	40,150	–
Total compensation paid to key management personnel	46,522	8,299

Further details of directors' emoluments and the five highest paid employees are included in notes 9 and 10, respectively, to the consolidated financial statements.

(d) Applicability of the Listing Rules relating to connected transactions

Transactions with Sun Metro as set out in (a) above constitute connected transactions of the Company but were exempted from independent shareholders' approval requirements. However, transaction in connection with disposal of entire interest in Golden Victory Group is subject to reporting and announcement requirements, details of which are set out in the Company's announcement dated 11 August 2014. Transaction in connection with disposal of entire interest in Heritage Finance is not subject to reporting and announcement requirements.

Other than above mentioned transactions, none of the above related party transactions fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

Group

Financial assets

	Financial assets at fair value through profit or loss				
	– held for trading HK$'000	– designated as such upon initial recognition HK$'000	Loans and receivables HK$'000	Available-for-sale financial asset HK$'000	Total HK$'000
2015					
Available-for-sale investments	–	–	–	4,600	4,600
Loans receivable	–	–	45,000	–	45,000
Investments at fair value through profit or loss	337,067	340,800	–	–	677,867
Financial assets included in prepayments, deposits and other receivables (note 24)	–	–	13,108	–	13,108
Cash and cash equivalents	–	–	4,331	–	4,331
	337,067	340,800	62,439	4,600	744,906
2014					
Available-for-sale investments	–	–	–	17,606	17,606
Rental deposit (note 24)	–	–	700	–	700
Loans receivable	–	–	30,000	–	30,000
Investments at fair value through profit or loss	514,502	112,800	–	–	627,302
Conversion options embedded in a convertible bond	2,379	–	–	–	2,379
Derivative financial instruments	19,763	–	–	–	19,763
Financial assets included in prepayments, deposits and other receivables (note 24)	–	–	934	–	934
Cash and cash equivalents	–	–	6,122	–	6,122
	536,644	112,800	37,756	17,606	704,806

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

39. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Group

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	HK$'000	HK$'000
Financial liabilities included in other payables and accruals	**2,713**	4,731
Interest-bearing borrowings	**29,316**	34,833
	32,029	39,564

Company

Financial assets

	Loans and receivables		Available-for-sale financial assets		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Available-for-sale investments	**–**	–	**4,600**	4,500	**4,600**	4,500
Financial assets included in prepayments, deposits and other receivables (note 24)	**562**	252	**–**	–	**562**	252
Cash and cash equivalents	**3,118**	351	**–**	–	**3,118**	351
	3,680	603	**4,600**	4,500	**8,280**	5,103

Financial liabilities

	Financial liabilities at amortised cost	
	2015	2014
	HK$'000	HK$'000
Other payables and accruals	**2,322**	4,114
Interest-bearing borrowings	**19,796**	9,788
	22,118	13,902

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

40. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS

(a) Fair value of financial assets that are measured at fair value on a recurring basis

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

	Fair value of the Group		Fair value of the Company			
Items	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Club membership debenture	**4,600**	4,500	**4,600**	4,500	Level 2	Quoted price in an open market taken into account the estimated transfer fee of the club membership upon sale
Investments in listed equity securities	**377,067**	514,502	**-**	–	Level 1	Quoted bid price in an active market
Investment in unlisted equity securities	**340,800**	112,800	**-**	–	Level 2	Subscription prices of other recent share allotments of those investee with other independent third parties
Call Option and Put Option	**-**	19,763	**-**	–	Level 3	The fair value is determined based on asset-based approach with reference to the equity value of Apex Group
Convertible bond:						
– debt element	**-**	13,106	**-**	–	Level 2	Discounted cash flow with future cash flows based on contractual amounts and coupon rates, discounted at a rate that reflects the credit risk of the counterparty
– conversion options embedded in a convertible bond	**-**	2,379	**-**	–	Level 3	The fair value is determined by binomial tree pricing model taking into account the expected net profit of Great Desire, P/E, EV to EBITDA, discount of lack of marketability, estimated volatility, and estimated amounts of debt and cash balance of Great Desire

During the year ended 31 March 2015 and 2014, the Group and the Company do not have any financial assets transferred between Level 1 and Level 2 fair value hierarchy and no transfer into or out of Level 3 fair value hierarchy.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

40. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

(a) Fair value of financial assets that are measured at fair value on a recurring basis (continued)

Financial assets measured at fair value:

	Group			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2015				
Available-for-sale investments	**–**	**4,600**	**–**	**4,600**
Investments at fair value through profit or loss	**377,607**	**340,800**	**–**	**718,407**
	377,607	**345,400**	**–**	**723,007**
As at 31 March 2014				
Available-for-sale investments	–	17,606	–	17,606
Investments at fair value through profit or loss	514,502	112,800	–	627,302
Conversion options embedded in the convertible bond	–	–	2,379	2,379
Derivative financial instruments	–	–	19,763	19,763
	514,502	130,406	22,142	667,050

	Company			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 March 2015				
Available-for-sale investments	**–**	**4,600**	**–**	**4,600**
As at 31 March 2014				
Available-for-sale investments	–	4,500	–	4,500

40. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

(b) Information about Level 3 fair value measurements

As at 31 March 2015

The Group had no financial instruments categorised as Level 3 fair value measurements as at 31 March 2015.

As at 31 March 2014

Items	Key unobservable inputs	Value	Relationship of unobservable inputs to fair value
Call Option and Put Option	Equity value of Apex Group	HK$5,237,000	The lower the equity value, the higher the fair value
Conversion options embedded in a convertible bond	Expected net profit of Great Desire	HK$18,916,000	The higher the expected net profit, the lower the fair value
	Expected EBITDA	HK$9,292,000	The higher the expected EBITDA, the lower the fair value
	Discount of lack of marketability	25%	The more discount of lack of marketability, the lower the fair value
	P/E	31.05	The higher the P/E, the lower the fair value
	EV to EBITDA	15.16	The higher the EV to EBITDA, the lower the fair value
	Expected volatility	32.66%	The higher the expected volatility, the higher the fair value
	Estimated amounts of debt of Great Desire	HK$20,000,000	The more the debt, the higher the fair value
	Estimated amounts of cash balances of Great Desire	HK$491,000	The more the cash, the lower the fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

40. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

(c) Reconciliation of Level 3 fair value measurements

	Call Option and Put Option	
	2015	2014
	HK$'000	HK$'000
At beginning of year	**19,763**	17,791
Total unrealised (loss)/gains included in loss for year from discontinued operation	**(19,763)**	1,972
At end of year	**–**	19,763

	Conversion options embedded in a convertible bond	
	2015	2014
	HK$'000	HK$'000
At beginning of year	**2,379**	–
Additions	**–**	2,048
Disposal of a subsidiary	**(2,379)**	–
Total unrealised gains recognised in the consolidated income statement	**–**	331
At end of year	**–**	2,379

Total gains of Call Option and Put Option recognised are included in loss for the year from discontinued operation (note 12). Total gains of conversion options embedded in a convertible bond recognised are included in fair value gains on conversion options embedded in a convertible bond in the consolidated income statement.

40. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS (continued)

(d) Fair value measurement and valuation process

The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of a financial asset or a financial liability, the Group uses market-observable data to the extent it is available. When Level 1 inputs are not available, the Group engaged independent qualified external valuers to perform the valuation. The management of the Group works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The management of the Group reports to executive directors semi-annually to explain the cause of fluctuations in the fair value of the financial assets and financial liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments comprise loans receivable, deposits and other receivables, available-for-sale investments, conversion options embedded in a convertible bond, investments at fair value through profit or loss, derivative financial instruments, cash and cash equivalents, other payables and accruals and borrowings. Details of these financial instruments are disclosed in respective notes.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, liquidity risk, foreign currency risk, equity price risk and other price risk as further detailed below. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing financial assets and liabilities. As at 31 March 2015, the Group has no significant interest rate risk as the loans receivable and borrowings carry at fixed rate of interest. As at 31 March 2014, loans receivable and bank borrowings primarily carried at floating interest rates. The Group's policy is to obtain the most favourable interest rate available.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate loans receivable and interest-bearing bank borrowings) for the year ended 31 March 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	Group		
	Increase/ (decrease) in basis points	Increase/ (decrease) in equity HK$'000	Increase/ (decrease) in profit after tax HK$'000
2014			
Hong Kong dollar	25	(12)	12
Hong Kong dollar	(25)	12	(12)

Credit risk

As at 31 March 2015 and 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the failure to perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets including loans receivable, available-for-sale investments, deposits and other receivables and bank balances as stated in the consolidated statement of financial position. As at 31 March 2014, the Company was also exposed to credit risk through the granting of financial guarantee. Such financial guarantee has been released during the year ended 31 March 2015. Further details are disclosed in note 35 to the consolidated financial statements.

The Group's loans receivable arise from the ordinary course of business of the Group and are closely monitored by the executive directors in charge of the Group's money lending operations on an ongoing basis. Further quantitative data in respect of the Group's exposure to credit risk arising from loans receivable are disclosed in note 26 to the consolidated financial statements.

For the Group's credit risk arising from investment in a convertible bond which the debt element had been recognised as available-for-sale investments in the consolidated statement of financial position at 31 March 2014, the management considers the credit risk to be low taking into account the financial positions of the investee. In addition, should the investee have default in payment of any interests or principal amount of the convertible bond at agreed payment date, the Group could exercise its option to convert the convertible bond into shares of the investee. In this regard, the management considers that this measure could further reduce the credit risk.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The management considers that the credit risk of club membership debenture recognised as available-for-sale investments in the consolidated statement of financial position and in the Company's statement of financial position is low as the club has good reputation.

The credit risks of deposits and other receivables are low as the Group has not had any significant loss arising from non-performance by the counterparties in the past and management does not expect so in the future.

The Group's liquid funds (mainly bank balances) are placed in various banks. The credit risk on liquid fund is limited because the counterparties are banks with good reputation.

Liquidity risk

The Group's liquidity risk is managed by senior management on an ongoing basis by the raising of loans and/or equity fundings to meet expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and bank balances to meet its liquidity requirements in the short and long terms.

The maturity profile of the Group's and the Company's financial liabilities as at end of the reporting period, based on the contractual undiscounted payments, is as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Group

	2015				
	On demand/ less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Financial liabilities included in other payables and accruals	2,543	170	–	–	2,713
Borrowings (note 29):					
– bonds	500	500	4,000	21,500	26,500
– margin and other loans	9,520	–	–	–	9,520
	12,563	670	4,000	21,500	38,733

	2014				
	On demand/ less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Financial liabilities included in other payables and accruals	4,551	180	–	–	4,731
Borrowings (note 29):					
– bonds	–	500	2,000	11,000	13,500
– interest-bearing bank borrowings	25,045	–	–	–	25,045
	29,596	680	2,000	11,000	43,276

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For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Company

	2015				
	On demand/ less than 3 months HK$'000	**3 to less than 12 months HK$'000**	**1 to 5 years HK$'000**	**Over 5 years HK$'000**	**Total undiscounted cash flows HK$'000**
Financial liabilities included in other payables and accruals	**2,152**	**170**	**–**	**–**	**2,322**
Borrowings (note 29):					
– bonds	**500**	**500**	**4,000**	**21,500**	**26,500**
	2,652	**670**	**4,000**	**21,500**	**28,822**

	2014				
	On demand/ less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
Financial liabilities included in other payables and accruals	4,102	12	–	–	4,114
Borrowings (note 29):					
– bonds	–	500	2,000	11,000	13,500
Guarantee given to a bank in connection with facility granted to a subsidiary	25,045	–	–	–	25,045
	29,147	512	2,000	11,000	42,659

Note:

As at 31 March 2015, there is no interest-bank borrowing. As at 31 March 2014, included in the above interest-bearing bank borrowings are term loans with an aggregate carrying amount of HK$25,045,000 which contained a repayment on demand clause giving the bank the unconditional right to call in the loans at any time and therefore, for the purpose of the above maturity profile, the total amount was classified as "repayable on demand".

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For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Notwithstanding the above clause, the directors did not believe that the loans will be called in their entirety within 12 months, and they considered that the loans would be repaid in accordance with the maturity dates as set out in the loan agreements. This evaluation was made considering: (i) the financial position of the Group at the date of approval of these financial statements; (ii) the Group's compliance with the loan covenants; (iii) the lack of events of default; and (iv) the fact that the Group had made all previously scheduled repayment on time.

In accordance with the terms of the loans which contained a repayment on demand clause, the maturity profile of those loans as at the end of the reporting period, based on the contractual undiscounted payment and ignoring the effect of any repayment on demand clause, is as follows:

Group

	Less than 3 months HK$'000	3 to less than 12 months HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000
As at 31 March 2014	414	1,395	7,442	19,229	28,480

Foreign currency risk

Certain bank balances and investments at fair value through profit or loss are denominated in Hong Kong Dollars ("HKD") and Renminbi ("RMB"), currencies other than functional currencies of respective group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are approximately as follows:

	2015		2014	
	RMB against HKD HK$'000	**HKD against SGD HK$'000**	RMB against HKD HK$'000	HKD against SGD HK$'000
Bank balances and cash	**1,137**	**–**	4,734	–
Investments at fair value through profit or loss	**–**	**–**	–	36,693
	1,137	**–**	4,734	36,693

The following table details the Group's sensitivity analysis for increase and decrease in the functional currencies of the respective group entities against relevant foreign currencies and all other variables were held constant.

	Strengthen/ (weaken) by %	**Increase/ (decrease) in equity HK$'000**	**Decrease/ (increase) in loss after tax HK$'000**
2015			
RMB strengthen against HKD by	**5**	**57**	**57**
RMB weaken against HKD by	**(5)**	**(57)**	**(57)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Strengthen/ (weaken) by %	Increase/ (decrease) in equity HK$'000	Increase/ (decrease) in profit after tax HK$'000
2014			
RMB strengthen against HKD by	5	237	237
RMB weaken against HKD by	(5)	(237)	(237)
SGD strengthen against HKD by	5	1,835	1,835
SGD weaken against HKD by	(5)	(1,835)	(1,835)

The sensitivity rate used above represents management's assessment of the reasonably possible change in foreign exchange rates. The analysis is performed on the same basis for 2014.

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual equity investments classified as held for trading equity investments (note 25) as at 31 March 2015 and 2014. The Group's listed investments are listed on the Stock Exchange (2014: the Stock Exchange and Singapore Exchange Limited) and are valued at quoted market prices at the end of the reporting period. The management managed this exposure by maintaining a portfolio of investments with different risks. The management considers that there is no significant equity price risk for investments in unlisted equity securities classified as financial assets designated as at fair value through profit or loss and the investments in unlisted equity securities were excluded for sensitivity analysis.

The following table demonstrates the sensitivity to every 15% (2014: 15%) change in equity prices of the listed equity investments, with all other variables held constant, based on their carrying amounts at the end of the reporting period.

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For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

	Increase/ (decrease) in equity prices %	Carrying amount of equity investments HK$'000	Increase/ (decrease) in equity HK$'000	Decrease/ (increase) in loss after tax HK$'000
2015				
Investments listed in:				
– Hong Kong	**15**	**337,067**	**42,218**	**42,218**
	(15)	**337,067**	**(42,218)**	**(42,218)**

	Increase/ (decrease) in equity prices %	Carrying amount of equity investments HK$'000	Increase/ (decrease) in equity HK$'000	Increase/ (decrease) in profit after tax HK$'000
2014				
Investments listed in:				
– Hong Kong	15	477,809	71,671	71,671
	(15)	477,809	(71,671)	(71,671)
– Signapore	15	36,693	5,504	5,504
	(15)	36,693	(5,504)	(5,504)

The sensitivity analysis above had been determined based on the exposure to equity price risks as at 31 March 2015 and 2014. For sensitivity analysis purpose, 15% (2014: 15%) was used as the sensitivity rate for the year ended 31 March 2015 as a result of the volatile financial markets. In management's opinion, the sensitivity analysis was unrepresentative of the inherent equity price risk as it only reflects the impact of equity price changes to equity securities held as at the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Other price risk

As at 31 March 2015, the Group has no exposure to other price risk. As at 31 March 2014, the Group held a convertible bond with the debt elements recognised as available-for-sale investments as detailed in note 22 and the conversion options embedded in a convertible bond as detailed in note 23. Changes in fair values of the debt elements and that of the conversion options were recognised in other comprehensive income and profit or loss respectively. The fair value adjustment of the debt element and the conversion options embedded in a convertible bond would be affected positively or negatively, amongst other things, by the changes in the credit spread of Great Desire.

The Group's exposure to other price risk on the debt element and the conversion options embedded in a convertible bond as a result of change in the risk free rate is insignificant and thus no sensitivity analysis is prepared.

The following table demonstrates the sensitivity for 5% higher/lower in credit spread of Great Desire and all other variables were held constant.

	Higher/ (lower) in credit spread	Increase/ (decrease) in carrying amount	Decrease/ (increase) in other comprehensive loss	Increase/ (decrease) in profit after tax
	%	HK$'000	HK$'000	HK$'000
Fair value of debt element included in available-for-sale investments	5	(1,122)	(154)	(968)
Fair value of conversion options embedded in a convertible bond	5	1,122	–	1,122
			(154)	154
Fair value of debt element included in available-for-sale investments	(5)	1,528	1,528	–
Fair value of conversion options embedded in a convertible bond	(5)	(1,528)	–	(1,528)
			1,528	(1,528)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Other price risk (continued)

The management of the Group considers that the sensitivity analysis above is unrepresentative of the inherent price risk as the pricing model in the valuation of the debt element and the conversion options embedded in a convertible bond involves other assumptions and variables.

42. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following significant events of the Group, not disclosed elsewhere in the consolidated financial statements, took place:

(a) On 8 April 2015, Shinning Seas Limited (as purchaser), a wholly-owned subsidiary of the Company, China Hover Dragon Group Limited and Mr. Gao Chuanyi (as vendors), Mr. Ji Kewei and Ms. Wang Zi Yi (as guarantors), and the Company entered into a sales and purchase agreement in connection with the proposed acquisition of the entire share capital of Hong Kong Leasing Limited at a base consideration of approximately HK$1,558,334,000 to be satisfied by allotment of new shares to the vendors. Details of the sales and purchase agreement are set out in the Company's announcement dated 10 April 2015.

(b) On 17 April 2015, Coastal Silk Limited (as purchaser), a wholly-owned subsidiary of the Company, Platinum City Holdings Limited (as vendor), Mr. Liu Jin Cheng and Point Best Group Limited entered into a non-legally binding memorandum of understanding (the "MOU") in relation to the proposed acquisition of the entire issued share capital of Charm Best Development Limited. Pursuant to the MOU, formal sales and purchase agreement (the "Definitive Documentation") is agreed to be finalised and signed on or before 10 June 2015. On 10 June 2015, the respective parties entered into an extension agreement, pursuant to which the latest time for entering into Definitive Documentation has been extended to 30 June 2015. Details of the MOU and the extension agreement are set out in the Company's announcements dated 17 April 2015 and 10 June 2015, respectively.

(c) On 21 May 2015, the Company (as vendor) and Trillion Cheer Toprich Limited (as purchaser) entered into a sales and purchase agreement in connection with the proposed disposal of entire interest in Gold Mountain Limited at a consideration of approximately HK$720,000,000. Details of the sales and purchase agreement are set out in the Company's announcement dated 21 May 2015 and the Company's circular dated 24 June 2015.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

43. COMPARATIVE FIGURES

As explained in note 12 to the consolidated financial statements, due to the classification of discontinued operation, the loss/profit from continuing operations and the loss from discontinued operation in the consolidated income statement have been revised. Accordingly, certain prior year comparative amounts have been reclassified and restated to conform to the current year's presentation.

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 March 2015 and 2014 are as follows:

Name	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Percentage of ownership interest Held by the Company %	Held by subsidiaries of the Company %	Principal activities
Alpha Ease International Limited	British Virgin Islands	US$1	–	–# (2014: 100)	Investment holding
Apex Corporate Investments Limited	British Virgin Islands	US$1	–	–# (2014: 100)	Investment holding
Billion Vision Investments Limited	Hong Kong	HK$1	–	100	Investment holding
Coastal Silk Limited	British Virgin Islands	US$1	–	100 (2014: N/A)	Inactive
Coupeville Limited	British Virgin Islands	US$1	100	–	Investment holding
Dollar Group Limited	British Virgin Islands	US$1	–	–# (2014: 100)	Investments in securities
Global Castle Investments Limited	British Virgin Islands	US$1	–	100	Investment holding
Gold Mountain Limited	Marshall Islands	US$100	100	– (2014: N/A)	Investment holding
Golden Victory Holdings Limited	British Virgin Islands	US$1	–	–# (2014: 100)	Investment holding
Heritage International Finance Limited	Hong Kong	HK$1	–	–# (2014: 100)	Money lending
Heritage (Je Ju) Investments Limited	British Virgin Islands	US$1	–	100	Money lending
HON Chinese Medicine Company Limited	Hong Kong	HK$2	–	–# (2014: 100)	Operation of a Chinese medicine clinic
Mass Nation Investments Limited	British Virgin Islands	US$1	–	100	Investment holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

44. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name	Place of incorporation/ establishment	Issued and fully paid ordinary share capital/ registered capital	Percentage of ownership interest Held by the Company %	Percentage of ownership interest Held by subsidiaries of the Company %	Principal activities
Mild City Limited	Hong Kong	HK$2	–	–# (2014: 100)	Investment holding
Noble Castle International Limited	Hong Kong	HK$1	–	–# (2014: 100)	Investment holding
Heritage Management (Hong Kong) Limited (formerly known as Planner Ford Limited)	Hong Kong	HK$2	–	100	Provision of corporate services
Prostar Hong Kong Limited	Hong Kong	HK$2	100	–	Provision of corporate services
Power Global Limited	British Virgin Islands	US$1	100	–	Investment holding
Rainbow Fair Development Limited	Hong Kong	HK$2	–	–# (2014: 100)	Holding of motor vehicles
Safe Castle Limited	British Virgin Islands	US$1	–	100 (2014: N/A)	Investments in securities
Sheng Yuan Investments Management Services (Tian Jin) Co. Ltd.*	PRC	HK$9,000,500	–	100	Management of the Forestlands
Shinning Seas Limited	British Virgin Islands	US$1	–	100 (2014: N/A)	Inactive
秦皇島漢基生態農林有限公司*	PRC	HK$7,000,000^ (2014: HK$5,000,000)	–	100	Plantation of fruit trees

* These companies are as a wholly foreign-owned companies established in the PRC.

\# These companies have been disposed of during the year ended 31 March 2015.

^ Pursuant to an approval from relevant government authority in the PRC on 13 February 2015, the registered capital is authorised to increase by approximately HK$2,000,000. The Group has fully injected the additional capital contribution on 29 May 2015.

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

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below. The amounts for each year in the five year financial summary have been adjusted for the effects of the classification of discontinued operation as detailed in note 43 to the consolidated financial statements. Accordingly, certain prior year comparative amounts have been reclassified and restated to confirm to the current year's presentation.

RESULTS

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)	(Restated)	
Continuing operations					
REVENUE	**3,797**	12,004	17,365	9,772	5,497
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(102,733)**	283,547	(64,220)	(360,870)	(392,365)
Income tax credit/(expense)	**1,298**	4,091	(598)	–	–
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS	**(101,435)**	287,638	(64,818)	(360,870)	(392,365)
Discontinued operation					
Loss for the year from discontinued operation	**(27,292)**	(6,613)	(6,776)	(8,252)	–
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(128,727)**	281,025	(71,594)	(369,122)	(392,365)

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
TOTAL ASSETS	**1,644,249**	1,741,526	1,071,901	1,057,161	1,049,257
TOTAL LIABILITIES	**(223,176)**	(232,452)	(38,335)	(40,587)	(87,542)
NET ASSETS	**1,421,073**	1,509,074	1,033,566	1,016,574	961,715