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

FINAL RESULTS FOR THE YEAR ENDED 30 APRIL 2015

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Simsen International Corporation Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (together, the "Group") for the year ended 30 April 2015, together with the comparative figures for the year ended 30 April 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 30 April 2015

	Notes	2015 HK$'000	2014 HK$'000
CONTINUING OPERATIONS			
REVENUE	3	**46,368**	39,356
Other income and gains or losses, net	3	**5,073**	743
Brokerage and commission expenses		**(8,725)**	(9,031)
Administrative and other operating expenses		**(71,567)**	(65,025)
Loss on disposal of available-for-sale investments		**(14,754)**	(21,567)
Provision for impairment of loans and accounts receivable, net		**(684)**	(706)
Finance costs	4	**(3,488)**	(1,363)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	5	**(47,777)**	(57,593)
Income tax credit/(expense)	6	**7**	(10)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		**(47,770)**	(57,603)

* *For identification purposes only*

	Notes	**2015** *HK$'000*	2014 *HK$'000*
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations	*7*	**80,265**	102,765
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**32,495**	45,162
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic:			
— For profit for the year		**HK2.23 cents**	HK6.94 cents
— For loss from continuing operations		**HK(3.28) cents**	HK(8.85) cents
Diluted:			
— For profit for the year		**HK2.23 cents**	HK5.86 cents
— For loss from continuing operations		**HK(3.28) cents**	HK(8.85) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 April 2015

	2015	2014
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**32,495**	45,162
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(7,874)**	(81,473)
Reclassification adjustment for losses included in the consolidated statement of profit or loss — loss on disposal	**14,721**	21,567
	6,847	(59,906)
Exchange differences on translation of foreign operations	**(2,937)**	(10,277)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX OF NIL	**3,910**	(70,183)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**36,405**	(25,021)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 April 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**751**	5,473
Goodwill		**–**	22,279
Other long term assets		**6,141**	4,220
Intangible assets		**2,350**	2,350
Investments in senior notes		**–**	80,000
Available-for-sale investments		**96,453**	28,841
Finance leases receivable		**–**	60,916
Total non-current assets		**105,695**	204,079
CURRENT ASSETS			
Finance leases receivable		**–**	18,540
Loans and accounts receivable	*10*	**120,201**	740,281
Prepayments, deposits and other receivables		**13,190**	374,304
Tax recoverable		**–**	192
Equity investments at fair value through profit or loss		**1,451**	1,678
Bank trust account balances		**280,004**	138,057
Pledged bank deposits		**10,725**	10,591
Cash and cash equivalents		**68,337**	381,509
		493,908	1,665,152
Assets of disposal groups classified as held for distribution to owners	*7*	**1,369,176**	–
Total current assets		**1,863,084**	1,665,152
CURRENT LIABILITIES			
Accounts payable	*11*	**294,938**	161,811
Other payables and accruals		**6,472**	25,986
Finance leases payable		**–**	83
Interest-bearing bank and other borrowings		**53,913**	–
Tax payable		**1**	2,694
Provision for reinstatement		**–**	1,567
		355,324	192,141
Liabilities directly associated with the assets classified as held for distribution to owners	*7*	**134,170**	–
Total current liabilities		**489,494**	192,141
NET CURRENT ASSETS		**1,373,590**	1,473,011
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,479,285**	1,677,090

	Notes	**2015** **HK$'000**	2014 *HK$'000*
NON-CURRENT LIABILITIES			
Convertible notes	*12*	**29,188**	349,762
Provision for long service payments		**492**	566
Provision for reinstatement		**1,406**	503
Total non-current liabilities		**31,086**	350,831
Net assets		**1,448,199**	1,326,259
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,576**	906
Equity component of convertible notes	*12*	**1,339**	16,288
Other reserves		**1,445,284**	1,309,065
Total equity		**1,448,199**	1,326,259

NOTES TO FINANCIAL STATEMENTS

30 April 2015

1.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because the Company has not early adopted the revised Rules Governing the Listing of Securities (the "Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), are those of the predecessor Hong Kong Companies Ordinance (Cap. 32). They have been prepared under the historical cost convention, except for certain financial instruments and equity investments which have been measured at fair value. Disposal groups held for distribution are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010–2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010–2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010–2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011–2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Except for the amendment to HKFRS 1 which is only relevant to an entity's first HKFRS financial statements, the nature and the impact of each amendment and interpretation is described below:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The amendments have had no impact on the Group as the Company does not qualify as an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(c) The HKAS 39 Amendments provide an exception to the requirement of discontinuing hedge accounting in situations where over-the-counter derivatives designated in hedging relationships are directly or indirectly, novated to a central counterparty as a consequence of laws or regulations, or the introduction of laws or regulations. For continuance of hedge accounting under this exception, all of the following criteria must be met: (i) the novations must arise as a consequence of laws or regulations, or the introduction of laws or regulations; (ii) the parties to the hedging instrument agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties; and (iii) the novations do not result in changes to the terms of the original derivative other than changes directly attributable to the change in counterparty to achieve clearing. The amendments have had no impact on the Group as the Group has not novated any derivatives during the current and prior years.

(d) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(e) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(f) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(g) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

1.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisition of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010–2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011–2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 May 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 May 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements in five areas, including materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items of other comprehensive income arising from equity accounted investments. The amendments further encourage entities to apply professional judgement in determining what information to disclose and how to structure the disclosure in the financial statements. The Group expects to adopt the amendments from 1 May 2016.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 May 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 1.2, the Group expects to adopt the amendments from 1 May 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.

2. OPERATING SEGMENT INFORMATION

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

(a) the securities segment represents the broking and dealing of securities, futures and options contracts, the provision of margin financing, advisory on corporate finance and asset management services, and the results of investment holding and proprietary trading of securities; and

(b) the corporate and other segment includes corporate revenue and expenses and results of unallocated operations.

During the year ended 30 April 2015, five reportable and operating segments namely the “Bullion”, “Forex”, “Money lending”, “Pawn loan” and “Finance lease” were classified as disposal groups held for distribution to owners and presented as discontinued operations in the consolidated statement of profit or loss (note 7). The segment information reported below does not include any amounts for these discontinued operations.

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

Segment assets exclude available-for-sale investments and tax recoverable as these assets are managed on a group basis.

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

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

(a) Business segments

The following tables present the revenue and results from continuing operations for the years ended 30 April 2015 and 2014 and certain assets, liabilities and expenditure information for the Group's business segments as at 30 April 2015 and 2014. The comparative figures have been re-presented to conform with the current year's presentation.

Year ended 30 April 2015

	Securities *HK$'000*	Corporate and other *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	**46,368**	**–**	**46,368**
Other income and gains or losses, net	**4,929**	**144**	**5,073**
	51,297	**144**	**51,441**
Segment results	**19,689**	**(49,224)**	**(29,535)**
Loss on disposal of available-for-sale investments			**(14,754)**
Finance costs			**(3,488)**
Loss before tax from continuing operations			**(47,777)**
Income tax credit			**7**
Loss for the year from continuing operations			**(47,770)**

Year ended 30 April 2014

	Securities *HK$'000*	Corporate and other *HK$'000*	Total *HK$'000*
Segment revenue:			
Revenue from external customers	37,267	2,089	39,356
Other income and gains or losses, net	598	145	743
	37,865	2,234	40,099
Segment results	52	(34,715)	(34,663)
Loss on disposal of available-for-sale investments			(21,567)
Finance costs			(1,363)
Loss before tax from continuing operations			(57,593)
Income tax expense			(10)
Loss for the year from continuing operations			(57,603)

As at 30 April 2015

	Securities *HK$'000*	Corporate and other *HK$'000*	Total *HK$'000*
Segment assets	**479,699**	**23,451**	**503,150**
Available-for-sale investments			**96,453**
Assets of disposal groups classified as held for distribution to owners			**1,369,176**
Total assets			**1,968,779**
Segment liabilities	**299,403**	**87,006**	**386,409**
Tax payable			**1**
Liabilities directly associated with the assets classified as held for distribution to owners			**134,170**
Total liabilities			**520,580**
Other segment information:			
Depreciation	**961**	**–**	**961**
Provision for impairment of loans and accounts receivable, net	**684**	**–**	**684**
Loss on disposal of items of property, plant and equipment	**95**	**–**	**95**
Capital expenditure*	**2,825**	**2,775**	**5,600**

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

As at 30 April 2014

	Securities *HK$'000*	Corporate and other *HK$'000*	Discontinued operations *HK$'000* *(note 7)*	Total *HK$'000*
Segment assets	388,022	366,313	1,086,055	1,840,390
Available-for-sale investments				28,841
Total assets				1,869,231
Segment liabilities	138,187	353,243	51,522	542,952
Tax payable				20
Total liabilities				542,972
Other segment information:				
Depreciation	2,213	–	–	2,213
Provision for impairment of loans and accounts receivable, net	706	–	–	706
Loss on disposal of items of property, plant and equipment	2	–	–	2
Capital expenditure*	92	–	–	92

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

(b) Geographical information

	2015 ***HK$'000***	2014 *HK$'000*
(i) Revenue from external customers:		
Hong Kong	**46,368**	39,356

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

	2015 ***HK$'000***	2014 *HK$'000*
(ii) Non-current assets:		
Hong Kong	**3,101**	4,685
Mainland China	**–**	25,417
	3,101	30,102

The non-current assets other than financial instruments and that of disposal groups held for distribution to owners as at 30 April 2015 and 2014 are based on the locations of the assets.

(c) Information about major customers

Revenue from continuing operations approximately HK$10,757,000 (2014: HK$Nil) was derived from sales by securities segment to a single customer.

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

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

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

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Fees, commission and premium income, net, from securities, futures and options contracts broking	**26,214**	24,475
Trading gain on securities, futures and options contracts, net	**942**	34
Interest income from loan and margin financing activities	**6,154**	7,584
Handling fee income	**328**	424
Other service income	**12,730**	6,839
	46,368	39,356
Other income and gains or losses, net		
Interest income	**371**	210
Foreign exchange differences, net	**(67)**	(387)
Others	**4,769**	920
	5,073	743

4. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on bank loans	**10**	5
Interest on finance leases	**1**	29
Interest on other loans	**2,166**	–
Imputed interest expense on convertible notes	**1,311**	1,329
	3,488	1,363

5. LOSS BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Depreciation	**961**	2,213
Impairment of goodwill	**–**	1,100
Loss on disposal of items of property, plant and equipment	**95**	2
Minimum lease payments under operating leases:		
Office premises	**13,474**	13,566
Office equipment	**130**	40
	13,604	13,606
Bad debts written off	**287**	–
Fair value gains on equity investments at fair value through profit or loss	**(940)**	(24)
Auditor's remuneration	**775**	902
Directors' and chief executive's remuneration	**1,650**	1,601
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Salaries and other benefits	**18,713**	30,181
Pension scheme contributions (defined contribution scheme)	**648**	968
Provision for long service payments, net	**36**	10
(Write-back of provision)/provision for annual leaves	**(124)**	26
	19,273	31,185

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2015	2014
	HK$'000	*HK$'000*
Current — Hong Kong		
Charge for the year	**–**	10
Overprovision in prior year	**(7)**	–
Total tax (credit)/charge for the year	**(7)**	10

7. DISCONTINUED OPERATIONS

On 23 March 2015, the Company announced to undergo a group reorganisation (the "Group Reorganisation") and to effect a distribution in specie of shares in Modern Series Limited, a wholly-owned subsidiary of the Company ("MSL") (the "Distribution in Specie"). Subsequent to the end of the reporting period, the Distribution in Specie was approved by the independent shareholders of the Company at a special general meeting held on 24 July 2015. MSL and its then subsidiaries upon completion of the Group Reorganisation are collectively referred to as the "Distributed Group". The principal activities of the companies which now comprise the Distributed Group are bullion and forex contracts broking and trading, provision of finance lease, pawn loan, medium and short term financing services and financial consultation services.

As at 30 April 2015, the assets and liabilities related to the Distributed Group have been classified as disposal groups held for distribution to owners and as discontinued operations. Further details of the Group Reorganisation and the Distribution in Specie are set out in the circular of the Company dated 30 June 2015. With the Distributed Group being classified as discontinued operations, the reportable segments of "Bullion", "Forex", "Money lending, "Pawn loan" and "Finance lease" are as follows:

(a) the bullion segment represents the broking and dealing of bullion contracts;

(b) the forex segment represents the broking and dealing of forex contracts;

(c) the money lending segment represents provision of loan financing;

(d) the pawn loan segment represents provision of pawn loan services;

(e) the finance lease segment represents provision for finance lease services; and

(f) the other segment includes results of unallocated operations.

The results of the Distributed Group for the year are presented below:

	2015	2014
	HK$'000	*HK$'000*
REVENUE	**198,893**	126,936
Other income and gains or losses, net	**2,684**	7,106
Brokerage and commission expenses	**(667)**	(1,673)
Administrative and other operating expenses	**(91,858)**	(75,412)
Fair value gain on convertible notes designated as at fair value through profit or loss	**–**	45,975
Gain on bargain purchase of a subsidiary	**–**	2,861
(Provision for)/reversal of impairment of finance leases receivable, and loans and accounts receivable, net	**(7,963)**	8,297
Finance costs	**(4,536)**	(5)
Profit before tax from the discontinued operations	**96,553**	114,085
Income tax expense	**(16,288)**	(11,320)
Profit for the year from the discontinued operations	**80,265**	102,765

The major classes of assets and liabilities of the Distributed Group classified as held for distribution to owners as at 30 April 2015 are as follows:

	HK$'000
Assets	
Property, plant and equipment	4,699
Goodwill	22,279
Finance leases receivable	163,916
Loans and accounts receivable	1,038,783
Prepayments, deposits and other receivables	9,066
Tax recoverable	16
Equity investments at fair value through profit and loss	1,490
Bank trust account balances	13,732
Cash and cash equivalents	115,195
Assets of disposal groups classified as held for distribution to owners	1,369,176
Liabilities	
Accounts payable	(17,316)
Other payables and accruals	(28,661)
Interest-bearing bank and other borrowings	(78,813)
Tax payable	(9,001)
Provision for long service payments	(71)
Provision for reinstatement	(308)
Liabilities directly associated with the assets classified as held for distribution to owners	(134,170)
Net assets directly associated with the disposal groups classified as held for distribution to owners	1,235,006
Currency translation reserve of the disposal groups classified as held for distribution to owners	(8,983)

The net cash flows incurred by the Distributed Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Operating activities	**(340,418)**	(172,293)
Investing activities	**85,898**	(237,084)
Financing activities	**195,835**	396,245
Net cash outflow	**(58,685)**	(13,132)

The following tables present revenue and results for the years ended 30 April 2015 and 2014 and certain assets, liabilities and expenditure information for the Distributed Group's business segments under discontinued operations as at 30 April 2015 and 2014.

Year ended 30 April 2015

	Bullion	Forex	Money lending	Pawn loan	Finance lease	Others	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Segment revenue:							
Revenue from external customers	**2,663**	**3,681**	**144,306**	**29,679**	**17,352**	**1,212**	**198,893**
Other income and gains or losses, net	**(909)**	**(320)**	**271**	**570**	**1,351**	**1,721**	**2,684**
	1,754	**3,361**	**144,577**	**30,249**	**18,703**	**2,933**	**201,577**
Segment results	**(7,332)**	**(4,030)**	**97,773**	**11,486**	**8,755**	**(5,563)**	**101,089**
Finance costs							**(4,536)**
Profit before tax							**96,553**
Income tax expense							**(16,288)**
Profit for the year							**80,265**

Year ended 30 April 2014

	Bullion	Forex	Money lending	Pawn loan	Finance lease	Others	Total
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
Segment revenue:							
Revenue from external customers	4,179	3,760	79,695	25,076	8,250	5,976	126,936
Other income and gains or losses, net	(105)	(55)	64	1,585	(1,326)	6,943	7,106
	4,074	3,705	79,759	26,661	6,924	12,919	134,042
Segment results	(2,666)	(5,958)	59,572	10,003	4,699	(396)	65,254
Fair value gain on convertible notes designated as at fair value through profit or loss							45,975
Gain on bargain purchase of a subsidiary							2,861
Finance costs							(5)
Profit before tax							114,085
Income tax expense							(11,320)
Profit for the year							102,765

As at 30 April 2015

	Bullion *HK$'000*	Forex *HK$'000*	Money lending *HK$'000*	Pawn loan *HK$'000*	Finance lease *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**22,092**	**37,807**	**991,071**	**106,528**	**188,574**	**23,088**	**1,369,160**
Tax recoverable							**16**
Total assets							**1,369,176**
Segment liabilities	**4,143**	**14,030**	**7,901**	**1,989**	**55,218**	**41,888**	**125,169**
Tax payable							**9,001**
Total liabilities							**134,170**
Other segment information:							
Depreciation	**38**	**106**	**498**	**1,080**	**420**	**677**	**2,819**
Provision for impairment of finance leases receivable, and loans and accounts receivable, net	**2,103**	**460**	**647**	**4,111**	**642**	**–**	**7,963**
(Gain)/loss on disposal of items of property, plant and equipment	**–**	**(5)**	**9**	**–**	**–**	**108**	**112**
Capital expenditure	**57**	**57**	**1,194**	**496**	**939**	**515**	**3,258**

As at 30 April 2014

	Bullion *HK$'000*	Forex *HK$'000*	Money lending *HK$'000*	Pawn loan *HK$'000*	Finance lease *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	25,199	44,876	691,574	101,458	120,916	101,840	1,085,863
Tax recoverable							192
Total assets							1,086,055
Segment liabilities	11,236	17,637	8,607	1,484	9,274	610	48,848
Tax payable							2,674
Total liabilities							51,522
Other segment information:							
Depreciation	76	322	45	473	24	830	1,770
Reversal of impairment of finance leases receivable, and loans and accounts receivable, net	(2,497)	–	(5,800)	–	–	–	(8,297)
Loss on disposal of items of property, plant and equipment	–	–	–	128	–	177	305
Capital expenditure	18	22	396	2,796	70	1,242	4,544

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

	2015	2014
	HK$'000	*HK$'000*
Interest income	**(759)**	(7,023)
Foreign exchange differences, net	**(649)**	1,694
Depreciation	**2,819**	1,770
Impairment of goodwill	**–**	1,498
Loss on disposal of items of property, plant and equipment	**112**	305
Minimum lease payments under operating leases:		
Office premises	**11,034**	8,458
Office equipments	**90**	39
	11,124	8,497
Fair value gains on equity investments at fair value through profit or loss	**(67)**	(66)
Auditor's remuneration	**475**	475
Employee benefit expenses (excluding directors' and chief executive's remuneration:		
Salaries and other benefits	**45,615**	34,145
Pension scheme contributions (defined contribution scheme)	**477**	589
Write-back of provision for long service payments, net	**(39)**	(21)
Provision for/(write-back of provision) annual leaves	**34**	(142)
	46,087	34,571
Earnings per share:		
Basic, from the discontinued operations	**HK5.50 cents**	HK15.78 cents
Diluted, from the discontinued operations	**HK5.29 cents**	HK12.96 cents

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	2015	2014
	HK$'000	*HK$'000*
Profit attributable to ordinary equity holders of the parent from the discontinued operations	**80,265**	102,765
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation *(note 9)*	**1,458,193**	651,207
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation *(note 9)*	**1,518,193**	793,207

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Special dividend — HK$0.15 per ordinary share	**236,351**	–

The directors of the Company do not recommend the payment of any final dividend for the year ended 30 April 2015 (2014: Nil).

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

The calculation of basic earnings/(loss) per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of approximately 1,458,193,000 (2014: 651,207,000) in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible notes. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts from continuing operations presented for the years ended 30 April 2015 and 2014 in respect of a dilution as the impact of the convertible notes outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2015	2014
	HK$'000	*HK$'000*
Earnings/(loss):		
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation:		
From continuing operations	**(47,770)**	(57,603)
From discontinued operations	**80,265**	102,765
	32,495	45,162
Interest on convertible notes	**1,311**	1,329
Profit attributable to ordinary equity holders of the parent before interest on convertible notes	**33,806**	46,491
Attributable to:		
Continuing operations	**(46,459)**	(56,274)
Discontinued operations	**80,265**	102,765
	33,806	46,491

	Number of shares	
	2015	2014
	'000	*'000*
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic earnings/(loss) per share calculation	**1,458,193**	651,207
Effect of dilution — weighted average number of ordinary shares:		
Convertible notes	**60,000**	142,000
	1,518,193	793,207

10. LOANS AND ACCOUNTS RECEIVABLE

	2015	2014
	HK$'000	*HK$'000*
Loans and accounts receivable:		
— from securities, futures, options, bullion and forex dealing services	**123,644**	76,197
— from money lending operations	**–**	649,565
— from pawn loan services	**–**	41,490
— from trading operations	**–**	160
— from corporate and other operations	**120**	381
	123,764	767,793
Provision for impairment:		
— from securities, futures, options, bullion and forex dealing services	**(3,563)**	(5,765)
— from money lending operations	**–**	(21,575)
— from trading operations	**–**	(160)
— from corporate and other operations	**–**	(12)
	(3,563)	(27,512)
	120,201	740,281

Securities, futures, options, bullion and forex dealing services

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

Money lending operations

The Group sought to maintain strict control over its outstanding loans receivable so as to minimise credit risk. The granting of loans was subject to approval by the directors of the Company and/or its subsidiary, where appropriate, whilst overdue balances were reviewed regularly by senior management. Certain loans receivable were secured by listed securities and real estate provided by the customers. As at 30 April 2014, loans receivable were interest-bearing at rates mutually agreed with the contracting parties, ranging from 12% to 36% per annum.

Pawn loan services

The pawn loans to customers arising from pawn loan business had average loan period of 30 days. The loans provided to customers charged fees and bore interest at certain percentages and were repayable according to the loan agreements. As at 30 April 2014, included in the balances were loans of approximately HK$34,969,000 secured by real estate in Mainland China and approximately HK$6,329,000 secured by personal properties held by individuals.

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

	2015	2014
	HK$'000	*HK$'000*
Current to 1 month	**119,990**	487,486
1 to 3 months	**28**	100,325
3 months to 1 year	**79**	43,357
Over 1 year	**104**	109,113
	120,201	740,281

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

	2015	2014
	HK$'000	*HK$'000*
At beginning of year	**27,512**	35,313
Impairment losses recognised	**9,297**	2,843
Impairment losses reversed	**(1,290)**	(10,434)
Provision for/(reversal of) impairment losses, net	**8,007**	(7,591)
Impairment losses provision related to disposal groups held for distribution to owners	**(31,933)**	–
Amount written off as uncollectible	**–**	(210)
Exchange realignment	**(23)**	–
At end of year	**3,563**	27,512

Included in the above provision for impairment of loans and accounts receivable is provision for individually impaired loans and accounts receivable of approximately HK$3,563,000 (2014: HK$27,512,000) with carrying amounts before provision of approximately HK$3,582,000 (2014: HK$31,950,000). These individually impaired loans and accounts receivable relate to customers that do not have sufficient amount of collateral at the end of the reporting period and are not expected to be fully recoverable.

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

	2015	2014
	HK$'000	*HK$'000*
Neither past due nor impaired	**103,946**	462,071
Less than 1 month past due	**16,025**	25,040
1 to 3 months past due	**28**	100,324
3 months to 1 year past due	**79**	43,357
Over 1 year past due	**104**	105,051
	120,182	735,843

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

11. ACCOUNTS PAYABLE

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

	2015	2014
	HK$'000	*HK$'000*
Current to 1 month	**294,938**	161,811

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

The accounts payable included in disposal groups held for distribution to owners (note 7) of approximately HK$17,316,000 are repayable on demand or aged within 1 month.

As at 30 April 2015, accounts payable with carrying amount of approximately HK$276,154,000 (2014: HK$106,808,000) are interest-bearing at bank deposit saving rates.

12. CONVERTIBLE NOTES

On 19 February 2014, the Company issued zero coupon convertible notes (the "Convertible Notes") with a nominal value of HK$500,000,000. The notes are convertible at the option of the noteholders into ordinary shares at 36 months from the date of issuance of the Convertible Notes on the basis of one ordinary share at the initial conversion price of HK$5 per conversion share. Any Convertible Notes not converted will be redeemed on 18 February 2017 for the outstanding principal amounts. The conversion price for the Convertible Notes was adjusted to HK$0.5 per share on 9 April 2014, upon completion of the issue of bonus shares. A total principal amount of HK$135,000,000 Convertible Notes was converted into 270,000,000 ordinary shares of the Company for the year ended 30 April 2014. On 4 July 2014, a total principal amount of HK$335,000,000 Convertible Notes was converted into 670,000,000 ordinary shares of the Company. Immediately after the conversion, the outstanding principal of the Convertible Notes issued by the Company amounted to HK$30,000,000.

The movements in the liability and equity components of the Convertible Notes as follows:

	Liability component *HK$'000*	Equity component *HK$'000*	Total *HK$'000*
At beginning of the year	349,762	16,288	366,050
Imputed interest expense	1,311	–	1,311
Conversion of Convertible Notes	(321,885)	(14,949)	(336,834)
At end of year	29,188	1,339	30,527

13. COMPARATIVE AMOUNTS

The comparative statement of profit or loss has been re-presented as if the operations discontinued during the current year has been discontinued at the beginning of the comparative period (note 7).

14. EVENT AFTER THE END OF THE REPORTING PERIOD

On 30 January 2015, the Company entered into the subscription agreement (as supplemented by the supplemental subscription agreements dated 20 March 2015 and 20 May 2015) with China Huarong International Holdings Limited, previously known as Huarong (HK) International Holdings Limited (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,702,435,038 new shares at the subscription price of HK$0.275 per subscription share (the "Subscription"). On 23 March 2015, the Company announced to undergo the Group Reorganisation and to effect the Distribution in Specie of shares in Modern Series Limited. Details of which are set out in the circular of the Company dated 30 June 2015. The Subscription and the Distribution in Specie were approved on 24 July 2015.

DIVIDENDS

The Board has recommended a special dividend of HK$0.15 on each ordinary share on 22 July 2014.

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

For the year under review, the Group recorded a profit of approximately HK$32,495,000 as compared to a profit of approximately HK$45,162,000 last year. Notwithstanding that the Hong Kong and China stock were performing well which mildly improved brokerage revenue, the net profit was lower than that of last year due to other less performing business including those derived from the discontinued operations which will cease to be part of the Group as a result of restructuring.

BUSINESS REVIEW

During the year under review, the Group continues its existing principal activities in securities broking and dealing services. The financial activities in Hong Kong increased and the connection with Shanghai Stock Exchange and Hong Kong Exchange has provided impetus to the market. Investors were becoming more positive and boosted up the stock market turnover. Nevertheless, the potential United States interest rate increase remained influential to the Hong Kong market development.

In March 2015, the Group announced to undergo a reorganisation and the businesses including the dealing of bullion and forex contracts, money lending, provision of pawns loans, and financing lease services will be distributed to the shareholders of the Company by way of a special dividend in specie. The turnover and results relating to these businesses are classified as discontinued operations for both the current and last years.

Also, the Group made some investments in Hong Kong listed stocks. For the year under review, the Group has recorded a loss on disposal of available-for-sale investments of approximately HK$14,754,000 (2014: 21,567,000).

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts, the provision of margin financing, advisory on corporate finance, asset management, and results of investment holding and proprietary trading of securities. The revenue from securities segment was improved from approximately HK$37,267,000 to approximately HK$46,368,000 while the net results was improved from a profit of approximately HK$52,000 to approximately HK$19,689,000 primarily due to the improved brokerage and margin activities.

The Group's discontinued operations during the year under review include dealing of bullion and forex contracts, money lending, provision of pawns loans, and financing lease services. The revenue from discontinued operations was approximately HK$198,893,000 for the year ended 30 April 2015 (2014: HK$126,936,000) while the discontinued operations recorded a net profit of approximately HK$80,265,000 (2014: HK$102,765,000).

Bullion

The bullion segment comprises broking and dealing of bullion contracts principally for clients. The commodities pricing has been significantly affected from the USD potential interest rate hiking and strong USD has driven down the commodities price, thus affected the aggressiveness of investors. The bullion segment recorded a loss of approximately HK$7,332,000 for the year under review (2014: HK$2,666,000) and investors tended to be quite cautious and the business volume remained relatively lower. Revenue was lower as the Group had to hedge more actively to avoid the underlying risk of instrument in the market place.

Forex

The forex segment comprises broking and dealing of forex contracts principally for clients, which recorded a loss of approximately HK$4,030,000 (2014: HK$5,958,000) for the year under review. Due to the extremely volatile market and also impact from strong USD, the business volume from clients remained at a relative lower level for prudent reason. Also, the more frequent and dynamic hedging on risky foreign exchange positions was essential to ensure that the risk exposure was low and thus had some slight pull back of the revenue side.

Money Lending

The money lending segment comprises provision of loans and advances to clients. The interest revenue was approximately HK$144,306,000 for the year ended 30 April 2015 (2014: HK$79,695,000) while the segment recorded a net profit of approximately HK$97,773,000 (2014: HK$59,572,000). The Group has exercised cautious approach in respect of new money lending business in order to strike the balance between the risk and reward for the Hong Kong and Mainland China market.

The Group is of the view that competitive rivalry is getting more intense in the money lending industry where a considerable amount of new competitors has entered into the market. In particular, the Group has noticed that (i) increasing competition among the money lenders has significantly lowered the Group's bargaining power and therefore pressed down the interest rate that the Group is able to charge its clients with; (ii) the Group has encountered more difficulties to obtain external facility or credits at a reasonable cost; and (iii) in light of the changes of the business environment, the money lending business now requires more professional supports, including better credit assessment and overdue payment management which lead to cost concern.

Although the money lending industry in Hong Kong and the PRC remains in a developing trend as a whole, with reference to the factors above individual operators may not be able to generate satisfactory return to compensate their risk exposure. Money lenders in Hong Kong and the PRC are required to improve their operation efficiency including identifying low cost financing, optimising marketing and administration expenses and enhancing capital efficiency etc. Although the historical performance of the money lending business of the Group has been satisfactory, the Company considered that restructuring this business line and reallocating resources of the Group to more reliable segments, such as the securities business conducted by continuing operations, will be a reasonable strategic deployment in order to further develop the business of the Group as a whole.

Pawn Loan

The demand remained stable whereas the Group is developing the business in a steady mode in order that the risk could be maintained at a manageable level. The revenue was approximately HK$29,679,000 for the year ended 30 April 2015 (2014: HK$25,076,000) while the segment recorded a net profit of approximately HK$11,486,000 (2014: HK$10,003,000), mainly derived from Beijing Wanrong Pawning Company Limited (#北京萬融典當有限責任公司) ("Beijing PawnCo"), Shanghai Xingrong Pawning Company Limited (#上海興融典當有限公司) ("Shanghai PawnCo") and Beijing Rong Cheng United Financial Consulting Company Limited (#北京融晟聯合財務顧問有限公司) ("Beijing Rong Cheng"). As at 30 April 2015, Beijing PawnCo had total assets of approximately HK$63,351,000 while Shanghai PawnCo had total assets of approximately HK$13,995,000.

Operations of pawn loan business

Beijing PawnCo

Beijing PawnCo is principally engaged in provision of pawn loans secured by movable asset, ownership and rights, real estate and realisation of securities for defaulted loans and general assessment, valuation and consulting services and its principal place of business is in Beijing, the PRC. Beijing PawnCo currently holds a License for Operation of Pawn Business and a special industry permit to engage in pawn loan businesses in the PRC.

Shanghai PawnCo

Shanghai PawnCo is principally engaged in provision of pawn loans secured by movable asset, ownership and rights, real estate and realisation of securities for defaulted loans and general assessment, valuation and consulting services and its principal place of business is in Shanghai, the PRC. Shanghai PawnCo currently holds a License for Operation of Pawn Business and a special industry permit to engage in pawn loan businesses in the PRC.

The English names of the Chinese entitles are translation of their Chinese names and are included herein for identification purpose only.

Reasons for using contractual arrangements

As advised and confirmed by the PRC legal adviser, the Group understand that the PRC governmental authorities currently may not as a matter of practice grant the Pawn Operations Business Licence to foreign invested companies. As the approval of investment in a pawn loan business by foreign invested companies in the PRC falls under an administrative act, no approval can be granted and no licence can be issued to a foreign invested company as there are no established laws governing the investment by foreign invested companies in a pawn loan business in the PRC.

Therefore, in order for Beijing Rong Cheng to manage and operate pawn loan business of Beijing PawnCo and Shanghai PawnCo in the PRC, structure contracts (the "Structure Contracts") were entered into (instead of a direct acquisition of Beijing PawnCo and Shanghai PawnCo) under which all the business activities of Beijing PawnCo and Shanghai PawnCo are managed and operated by Beijing Rong Cheng and all economic benefits and risks arising from the businesses of Beijing PawnCo and Shanghai PawnCo are transferred to Beijing Rong Cheng by means of management and operation fee payable by Beijing PawnCo and Shanghai PawnCo. The Company intends to unwind the structure contracts as soon as the relevant laws and regulations in the PRC allow foreign corporations such as the Group to directly hold controlling equity interests in companies licenced to engage in pawn loan businesses in the PRC.

Risks relating to the Structure Contracts

The PRC Government may determine that the structure contracts are not in compliance with applicable PRC laws, rules, regulations or policies.

The discussion draft of People's Republic of China Foreign Investment Law (中華人民共和國外國投資法(草案徵求意見稿) ("Discussion Draft") and the explanation note on the Discussion Draft (關於《中華人民共和國外國投資法(草案徵求意見稿)》的說明) ("Explanation Note") issued by the Ministry of Commerce of the PRC (中華人民共和國商務部) ("MOFCOM") was released on 19 January 2015. The Discussion Draft need to follow the Legislation Law (立法法) to be reviewed and approved by the State Council of The People's Republic of China (國務院) and Standing Committee of the National People's Congress (全國人民代表大會常務委員會) to become effective. The Discussion Draft is only a draft paper and is not legally binding at the end of the reporting period. There are also uncertainties on the changes of content in the implementation and the timing on the effective date.

However if the Discussion Draft was put into effective and the pawn loan business is placed into the restricted industries list under the Catalogue of Industries for Guiding Foreign Investment (外商投資產業指引目錄) (the "Catalogue"), the pawn shop business may be adversely affected. As advised by the PRC legal adviser, the pawn loan business is not in the scope of Catalogue at present. Accordingly the Company believe that the Discussion Draft do not have any substantial impact on the Structure Contracts at the end of the reporting period.

Even if the pawn loan business was put into the restricted industries list in the Catalogue in the implementation of the new foreign investment law, it also specifies in the Explanation Note that MOFCOM will take further advice from the general public. Thus the PRC Legal Adviser considers that MOFCOM does not have any preference in the treatment towards the Structure Contracts. The Discussion Draft also suggests three possible approaches to deal with such existing similar structures contracts: (i) the parties may declare that the business is controlled by Chinese investors and the structure can remain in place; (ii) MOFCOM may certify that the business is controlled by Chinese investors and the structure can then remain in place; and (iii) where the business is controlled by foreign investors, a market entry approval by MOFCOM will be required and MOFCOM will assess the situation based on a multiple factors. At the end of the reporting period there is no conclusion about the approach to be adopted therefore there is there is policy risk regarding the legality of the Structure Contracts in the future.

The Distributed Group will face foreign exchange control risk when receiving payments through Beijing PawnCo and Shanghai PawnCo.

The Distributed Group can only rely on Beijing Rong Cheng to remit the profit from Beijing PawnCo and Shanghai PawnCo through distribution of dividend in RMB. As RMB is not a freely convertible currency and is subject to foreign exchange control policies imposed by the PRC government, the Distributed Group may not be able to obtain relevant approval for sustainable dividend payout.

The pricing arrangement under the Structure Contracts may be challenged by the PRC tax authorities.

The Group may face adverse tax consequences if the PRC tax authorities determine that the Structure Contracts were not entered into based on arm's length negotiations. If the PRC tax authorities determine that the Structure Contracts were not entered into on an arm's length basis, they may adjust the income and expenses of the Group for PRC tax purposes which could result in higher tax liability.

The indirect control of the Distributed Group over the Beijing PawnCo and Shanghai PawnCo could materially and adversely affect the overall business operation of the Group.

Pursuant to the Structure Contracts, Beijing Rong Cheng was granted the right to acquire the equity interests or assets of Beijing PawnCo and Shanghai PawnCo. The Structure Contracts may not be effective in providing control over the application for and maintenance of the licences required for the pawn loan business operations the Group and Beijing PawnCo and Shanghai PawnCo could violate the Structure Contracts, go bankrupt, suffer from difficulties in its business or otherwise become unable to perform their obligations under the Structure Contracts and, as a result, the pawn loan operations, reputation and business the Group could be materially affected. In addition, the Group may have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages. The legal environment in the PRC is not as developed as in other mature jurisdictions. As a result, uncertainties in the PRC legal system could limit the ability of the Group to enforce the Structure Contracts.

Arrangement and actions taken by the Company to mitigate the risks

Beijing Rong Cheng, all registered shareholders of Shanghai PawnCo and Shanghai PawnCo have entered into the second amendment contract to amend the Shanghai Pledge Contract to pledge (at the earliest time permitted by law) their equity interests in Shanghai PawnCo (after the above mentioned change in equity interest) in favour of Beijing Rong Cheng for the purpose of securing the performance of the contractual obligations of Shanghai PawnCo under the Shanghai Management Contract.

Finance Lease

The finance lease business was in reasonable progress of pursuing market penetration with positive sign of contribution. The revenue and profit for the year ended 30 April 2015 were approximately HK$17,352,000 (2014: HK$8,250,000) and approximately HK$8,755,000 (2014: HK$4,699,000) respectively.

Specific risks of discontinued operations

Relevant risk factors include (i) possible downturn of the money lending business, such as the deteriorating recoverability of the loans and finance leases; (ii) uncertainties about using variable interest entity structure in operating the pawn loan business in the PRC; and (iii) constraints from foreign exchange control and withholding tax in the PRC on any distribution proposed in the future.

PROSPECTS

The future connection with Shenzhen Stock Exchange and Hong Kong Exchange will provide positive drive to the market. It will translate to higher stock market turnover and is beneficial to brokerage players in the marketplace. Investors are becoming more optimistic and initial public offering activities will likely continue to be a driver of the business activities. The Group remains positive but cautious taking into the factors like the pace of United States interest rate increase and the Greece problem which could influence the Hong Kong stock market development.

It has also been announced that the Group will be invested by Huarong (as defined below) recently and such strong support and financial resources from Huarong will help the Group to grow significantly in the market both in respect of market share and also profitability. The relevant restructuring is still in progress and it will enable the Group to take advantage of the Huarong brand name and transform into a much stronger organization.

CAPITAL STRUCTURE

During the year under review, the convertible noteholders have converted their convertible notes into 670,000,000 ordinary shares of the Company. As at 30 April 2015, the total number of the issued share capital with the par value of HK$0.001 each was 1,575,672,880 and total equity attributable to shareholders was approximately HK$1,448,199,000 (2014: HK$1,326,259,000).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and cash equivalents amounting to approximately HK$68,337,000 (2014: HK$381,509,000), which already excludes approximately HK$280,004,000 (2014: HK$138,057,000) of client funds that were kept in separate designated bank accounts and those included in the disposal groups classified as held for distribution of approximately HK$115,195,000, as at 30 April 2015.

The Group's gearing ratio, which is measured on the basis of the Group's total interest bearing debts net of own cash reserves over the Company's shareholders' equity, was not applicable as at 30 April 2015 and 2014 as the Group had net surplus cash as at the reporting dates.

The Group's banking facilities amounting to HK$40,000,000, none of which were utilised and outstanding at the end of the reporting period, including a revolving loan facility amounting to HK$10,000,000 (2014: HK$10,000,000) is secured by certain of the Group's bank deposits amounting to approximately HK$10,725,000 (2014: HK$10,591,000) and the remaining facility amounting to HK$30,000,000 (2014: HK$30,000,000) which represents a margin facility and the availability of this facility is conditional upon the execution of charges over securities by a subsidiary of the Company. The Group's banking facilities are secured by a corporate guarantee executed by the Company.

CHARGES ON GROUP ASSETS

As at 30 April 2015, the Group did not have any obligations under finance leases were secured by the leased assets acquired under the finance leases (2014: approximately HK$58,000).

EMPLOYEE AND REMUNERATION POLICY

As at 30 April 2015, the Group employed a total of about 214 employees, as compared to 184 employees in 2014. The Group's staff recruitment and promotion are primarily based on individuals' merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

SIGNIFICANT TRANSACTIONS

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

(1) On 22 May 2014, Solomon entered into the agreements in relation to the provision of the service. Pursuant to the finance lease agreement, Solomon agreed to purchase the equipment from party A at a total consideration of RMB70,000,000 (equivalent to approximately HK$89,600,000) and lease the equipment back to party A for a term of 36 months. Pursuant to the co-payment agreement, 中電華通通信有限公司 (CECTCHINACOMM COMMUNICATIONS Co., Ltd.*) as party A and 信通數據網絡通信有限公司 (Xin Tong Data Network & Communication Ltd.*) as party B agreed to, among other things, undertake joint liability for the lease payments, penalty, compensation and other fees payable by party A to Solomon under the finance lease agreement. Details of which are disclosed in the announcement of the Company dated 22 May 2014.

(2) On 6 July 2014, the Company disclosed that as informed by Able China, it has transferred the Convertible Notes in the aggregate principal amount of HK$365,000,000 to Mr. Liu and then as informed by Mr. Liu, he has transferred part of the Convertible Notes in the aggregate principal amount of HK$265,000,000 to Mr. Cui Zhanhui ("Mr. Cui"). On 4 July 2014, Mr. Liu and Mr. Cui, respectively served the conversion notices to the Company whereas Mr. Liu converted the Convertible Notes in the principal amount of HK$100,000,000 to 200,000,000 ordinary shares of the Company and Mr. Cui converted part of the Convertible Notes in the principal amount of HK$235,000,000 to 470,000,000 ordinary shares of the Company (the "Conversion"). The Company has issued and allotted the said conversion shares in accordance with the terms of the Convertible Notes. Immediately after the conversion, the outstanding Convertible Notes issued by the Company is amounted to HK$30,000,000. Details of which are disclosed in the announcements of the Company dated 4 July 2014 and 6 July 2014.

(3) On 10 July 2014, Success Path Corporation Limited, an indirect wholly-owned subsidiary of the Company, as purchaser and Mr. Wan Lei, Mr. Hao Peng Fei and Mr. Yang Xiao Yung as vendors entered into a deed of termination to the sale and purchase agreement dated 2 October 2013 in respect of the acquisition of Beijing Hong Tian Chuang Ming Investment Consulting Co., Ltd* (the "Deed"), pursuant to which the sale and purchase agreement shall be, or be deemed to be terminated unconditionally with immediate effect from the date of the Deed. On 19 February 2014, the Company had completed the placing of the Convertible Notes in the principal amount of HK$500 million. As at 10 July 2014, approximately HK$260.5 million (the "Reserved Amount") has been reserved for satisfying the consideration of the acquisition. As the acquisition has been terminated and the Group has no alternative investments or plans to expand its existing business segments, the Board considered to utilise the Reserved Amount for distribution by a way of special dividend to the Shareholders and/or for the general working capital of the Group. On 22 July 2014, a board meeting was held and the Board has recommended the declaration and payment of a special dividend of HK$0.15 on each ordinary Share (the

* *For identification purposes only*

"Special Dividend") to the Shareholders provided that such declaration and payment of the Special Dividend is subject to satisfaction of certain conditions precedent. Details of which are disclosed in the announcements of the Company dated 10 July 2014 and 22 July 2014.

(4) On 7 October 2014, the Group announced that the Company entered into a memorandum of understanding with Huarong (HK) International Holdings Limited ("Huarong"), an independent third party, in relation to a possible issue to the Huarong of such number of new shares (the "Subscription Shares") of the Company ("Possible Transaction"), which shall represent not less than 51% of the issued share capital of the Company as enlarged by the Subscription Shares. On 7 November 2014, the Company entered into a supplemental memorandum of understanding (the "Supplemental MOU") with Huarong to extend the exclusivity period to the date falling 30 days from the date of Supplemental MOU. On 8 December 2014, the Company entered into a second supplemental memorandum of understanding with Huarong to extend the exclusivity period to 22 December 2014. On 30 January 2015, the Company as issuer and Huarong as subscriber have entered into a conditional subscription agreement in relation to the Possible Transaction, pursuant to which, the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,702,435,038 new shares at the subscription price of HK$0.275 per subscription share. On 23 March 2015, reference is made to the subscription agreement dated 30 January 2015, Huarong has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,702,435,038 new Shares at the subscription price of HK$0.275 per subscription share, represented 51.93% which shall also be applied for the whitewash waiver. The Board also proposes to put forward to the shareholders a proposal for the reduction of the entire sum standing to the credit of the share premium account to nil, and the Company will undergo the reorganization and pursuant to which (i) all the subsidiaries of the distributed group will be transferred to and held by Modern Series Limited, which will become a direct wholly-owned subsidiary of the Company; (ii) all the subsidiaries of the remaining group will be transferred to and held by Linewear Assets Limited, which will become a direct wholly-owned subsidiary of the Company; and (iii) any liabilities between the distributed group and the remaining group will be settled. There is also possible voluntary conditional securities exchange offer. The Subscription and the Distribution in Specie were approved on the special general meeting dated 24 July 2015. Details of which are disclosed in the respective announcements and circulars of the Company.

FOREIGN EXCHANGE EXPOSURES

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

CONTINGENT LIABILITIES

United Simsen Securities Limited ("USSL") and Simsen Capital Finance Limited ("SCFL"), indirect wholly owned subsidiaries of the Company, have been joined as the 10th defendant and 8th defendant respectively to the High Court action HCA 64/2012 commenced by Mayer Holdings Limited ("Mayer") as plaintiff (the "Action") and have been served with the Re-amended Writ of Summons and Re-amended Statement of Claim for the Action.

Mayer is claiming against USSL for damages for, among other things, breach of contract and against SCFL for injunctive relief and declaration in relation to certain convertible notes and promissory notes. USSL and SCFL have sought legal advice on the alleged claims against it but based on their understanding of the factual background concerning the alleged claims against USSL and SCFL, the Directors consider that USSL and SCFL have a defence of merit and will therefore defend the alleged claims strenuously. The parties to the Action are in the course of providing relevant information to the High Court and there is no substantial progress as at 30 April 2015.

Save as disclosed above, the Group had no other material contingent liability at 30 April 2015.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 30 April 2015.

CORPORATE GOVERNANCE PRACTICES

During the year ended 30 April, 2015, the Company has complied with all applicable code provisions under the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the following deviations:

Code provision A.6.7 of the CG Code stipulates that all independent non-executive Directors and non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. Due to their personal commitments, all independent non-executive Directors were unable to attend the special general meeting of the Company held on 3 June 2014 and 15 August 2014 respectively and the annual general meeting dated 31 October 2014 during the tenure of their position.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transaction. Having made specific enquiry with all Directors, the Board has confirmed compliance with the required standard set out in the Model Code throughout the year ended 30 April 2015.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in accordance with the requirements of Rule 3.21 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal control systems, and compliance with the relevant rules and regulations. The Audit Committee currently comprises three independent non-executive Directors, Messrs. Zhu Chengwu (as chairman), Yeung Siu Keung and Chen Wai Chung Edmund. The Audit Committee has reviewed the financial statements of the Group for the year ended 30 April 2015.

SCOPE OF WORK OF ZENITH CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 April 2015 have been agreed by the Company's auditor, Zenith CPA Limited, to the amounts set out in the Group's drafted consolidated financial statements for the year. The work performed by Zenith CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zenith CPA Limited on the preliminary announcement.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the designated issuer website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.simsen.com). The annual report will be dispatched to the Shareholders and will also be published on the respective websites of the Stock Exchange and the Company in August 2015.

By Order of the Board
Simsen International Corporation Limited
Zhou Baoying
Executive Director

Hong Kong, 29 July 2015

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

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