

CNCG

CHINA NATIONAL CULTURE GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 745)



Annual Report 2015



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Corporate Information

DIRECTORS

Executive Directors

Ms. Sun Wei
Ms. Shen Lihong
Mr. Yan Zhilei (appointed on 24 July 2015)

Independent Non-Executive Directors

Mr. Liu Kwong Sang
Ms. Wang Miaojun
Ms. Cheung Lai Chun (appointed on 9 April 2015)

AUDIT COMMITTEE

Mr. Liu Kwong Sang (*Chairman*)
Ms. Wang Miaojun
Ms. Cheung Lai Chun (appointed on 9 April 2015)

REMUNERATION COMMITTEE

Mr. Liu Kwong Sang (*Chairman*)
Ms. Sun Wei (appointed on 28 November 2014)
Ms. Wang Miaojun
Ms. Cheung Lai Chun (appointed on 9 April 2015)

NOMINATION COMMITTEE

Ms. Wang Miaojun (*Chairman*)
Ms. Sun Wei (appointed on 28 November 2014)
Mr. Liu Kwong Sang
Ms. Cheung Lai Chun (appointed on 9 April 2015)

COMPANY SECRETARY

Mr. Li Wing Sum Steven

AUDITORS

Elite Partners CPA Limited

REGISTERED OFFICE

Cricket Square, Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 901, Silver Fortune Plaza
1 Wellington Street
Central, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

ORDINARY SHARE LISTING

Main Board of The Stock Exchange of
Hong Kong Limited
(Stock code: 745)

Director's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board" or the "Directors") of China National Culture Group Limited (the "Company"), I present the annual results of the Company and its subsidiaries (collectively referred to the "Group") for the year ended 31 March 2015.

CURRENT YEAR REVIEW

During the year, the Group keep on focus on its existing advertising business and this advertising segment has steady growth in both number of customers and turnover. Besides, the Group has started get involved in movie production business segment since January 2015. It is expected that it will generate positive contributions to the Group.

In August 2014, the Group has completed a top-up placing of existing shares and top-up subscription of new shares which generated net proceeds of approximately HK\$208.45 million.

PROSPECT

The Group has received positive reviews on its catering business mobile platform and planned to continue to expand its services offerings and geographical coverage based on its established foundation and/or inorganic growth, if any when appropriate. Seeing the irreversible trend that new media is the growing power in mass media sector and is exerting great impact to the market landscape, the Group will continue its venture in the mobile applications business as well as look for opportunities to extend into other potential businesses such as new media marketing, advertising, e-commerce and culture, movie and entertainment-related businesses.

The Group is actively pursuing opportunities in investment in the culture, movie and entertainment-related businesses, in particular, import and/or distribution of films in China. Through the dedicated team to operate in film importation, distribution, and marketing, the Group is identifying possible investment opportunities in the industry, including but not limited to, film production and distribution in Hong Kong and China. The Board considers that these investments require substantial capital which may exert pressure on the liquidity and profitability of the Group as a result of the relevant finance costs.

The Group has been witnessing the current process of opening up of the culture, entertainment and movie market in Mainland China, and the Group believes there are good potential and promising prospects in the respective businesses contemplated by the Group.

In view of the positive growth of consumers' on-line buying pattern, the Group has decided to embark on its e-commerce business to sell lady's apparel on-line. In preparation for the Group's e-commerce business operation, recently, the Group has purchased a system known as "Multi Market Place Sales & Inventory System" totalling approximately HK\$2 million and is in the process of acquiring a server platform for an estimated amount of HK\$10 million.

Looking forward, ongoing financial market turmoil and challenging operating environment notwithstanding, the Group will strive to closely monitor and timely identify any investment opportunities that may arise in the areas of culture and entertainment, new media, mobile applications, e-commerce, advertising etc.. The management of the Group is committed to look for business opportunities that would generate long-term returns to its shareholders.



Director's Statement

APPRECIATION

I would like to take this opportunity to express my gratitude to our shareholders, business partners, directors and our dedicated staff for their continuing support and confidence in the Group.

Shen Lihong

Director

Hong Kong, 29 June 2015

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31 March 2015, the Group recorded a turnover of approximately HK\$20,429,000 (2014: HK\$2,951,000), representing an increase of 592.27% as compared with last year. The increase in turnover in the current year mainly because the Group started to get involve in movie production business segment since January 2015 and increase in customers in advertising segment. Gross profit increased to approximately HK\$6,602,000 in the current year (2014: HK\$303,000). The gross profit margin increased to 32.32% in the current year from 10.27% over the year ended 31 March 2014. The increase in gross profit margin was mainly because the Group focus on those services which has higher profit margin in the advertising segment.

Loss attributable to the owners of the Company amounted to approximately HK\$159,994,000 (2014: HK\$203,701,000) and loss per share for the year was HK2.14 cents (2014: HK5.51 cents). Apart from the increase in gross profit, the Group also recorded unrealised gain on financial assets held for trading and gain on extinguishment of promissory notes financial liabilities amounted to approximately HK\$22,879,000 (2014: Nil) and HK\$22,266,000 (2014: Nil) respectively. Moreover, finance costs decreased to approximately HK\$17,280,000 (2014: HK\$26,418,000) as the Group has early redemption on part of the promissory notes during the year. Besides, due to the operating costs in food and beverage sector, such as rental and wages, remains in high level and economic downturn, the advertising market was inevitably affected under this economic situation which affect the growth of our customers, based on the valuation performed by independent professional valuer, impairment loss on goodwill recognised was decreased to approximately HK\$146,260,000 (2014: HK\$160,247,000) for the year. On the contrary, the Group recognised an equity-settled share based payment amounted to approximately HK\$11,709,000 (2014: Nil) as the Company has issued share options to directors, employees and consultants during the year.

FINANCIAL REVIEW

As at the end of the year, non-current assets decreased to approximately HK\$264,381,000 (2014: HK\$410,796,000) due to impairment loss in respect of goodwill. Current assets increased due to the increase in financial assets held for trading and the increase in cash and cash equivalents. Total liabilities was decreased as the Group has early redemption on part of the promissory notes and settlement of other loan during the year.

Capital structure

(i) Placing

During the year ended 31 March 2015, the Company has completed a top-up placing of existing shares and top-up subscription of new shares ("Top-Up Placing and Top-Up Subscription") with actual net proceeds amounted to approximately HK\$207,990,000 for the purposes of (i) debts repayment (approximately HK\$150,000,000), (ii) development of its movie and media operation (approximately HK\$40,000,000), and (iii) general working capital (approximately HK\$17,990,000).

As at the date of this report, the actual net proceeds raised from the Top-Up Placing and Top-Up Subscription have been fully utilized as intended uses except that approximately HK\$27,000,000 has not yet been utilised and remains in the bank for development of its movie and media operation.

(ii) Convertible preference shares

The non-voting convertible preference shares amounted to HK\$257,180,000 have been converted into ordinary shares during the year.



Management Discussion and Analysis

(iii) Share options

During the year ended 31 March 2015, 153,383,000 share options were granted to 10 individuals to subscribe for ordinary shares, under the share option scheme of the Company adopted on 6 September 2004 and refreshed on 29 August 2008, and 153,380,000 share options were exercised for new ordinary shares at HK\$0.375 per share, amounted for HK\$57,517,500.

Liquidity and financing

There were no bank borrowings as at 31 March 2015 (2014: Nil). The Group's cash and bank deposits were approximately HK\$46,424,000 (2014: HK\$2,183,000). The Group's gearing ratio, calculated by aggregate of amounts of other loan and promissory notes over total assets increased to 12.01% (2014: 51.63%).

Treasury policies

Cash and bank deposits of the Group are mainly in Hong Kong dollars and Renminbi. The Group conducts its core business transactions mainly in Hong Kong dollars and Renminbi such that the Group did not use any derivative instruments to hedge its foreign currency exposure as the Group considered its foreign currency exposure is insignificant.

Pledge of assets

As at 31 March 2015, no asset of the Group was being pledged as there is no external financing (2014: Nil).

Employee information

As at 31 March 2015, the Group had 14 (2014: 18) employees whom are employed in Hong Kong and Mainland China. They are remunerated at market level with benefits such as medical, retirement benefit and share option scheme.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 23 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 March 2015 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statements on pages 21 to 89.

The directors do not recommend the payment of a dividend (2014: Nil).

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 90 of this report. 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 year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in notes 32 and 33 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law (as revised) of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 March 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.



Report of the Directors

DISTRIBUTABLE RESERVES

At 31 March 2015, the Company had no reserves available for distribution under the provisions of the Companies Law (as revised) of the Cayman Islands (2014: HK\$ nil).

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's 5 largest customers accounted for 90.43% (2014: 29.21%) of the total sales for the year and sales to the largest customer included therein amounted to 70.36% (2014: 8.26%). The aggregate purchases during the year attributable to the Group's 5 largest suppliers accounted for 100% (2014: 35.12%) of the Group's total purchases for the year and the purchase from the largest supplier included therein amounted to 90.40% (2014: 9.17%).

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's 5 largest customers or the Group's 5 largest suppliers.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

EXECUTIVE DIRECTORS:

Ms. Sun Wei

Ms. Shen Lihong (appointed on 9 May 2014)

Mr. Yan Zhilei (appointed on 24 July 2015)

Mr. Tan Bondy (retired on 29 August 2014)

Mr. Tsui Wing Tak (resigned on 9 May 2014)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Liu Kwong Sang

Ms. Wang Miaojun

Ms. Cheung Lai Chun (appointed on 9 April 2015)

Dr. Wan Ho Yuen Terence (resigned on 9 April 2015)

Mr. Ma Qianli (retired on 29 August 2014)

In accordance with articles 87(1) and 87(2) of the Company's articles of association and the provisions of the Listing Rules, Ms. Shen Lihong and Ms. Wang Miaojun will retire by rotation and being eligible, have agreed to offer themselves for re-election at the forthcoming annual general meeting.

In accordance with article 86(3) of the Company's articles of association and the provisions of the Listing Rules, Ms. Cheung Lai Chun and Mr. Yan Zhilei will hold office until the forthcoming annual general meeting and being eligible, have agreed to offer themselves for re-election.

DIRECTORS' BIOGRAPHIES

Biographical details of the directors of the Company are set out on page 18 of this report.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

No director 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

Save as disclosed in note 39 to the consolidated financial statements, no director had a material beneficial 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 year.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2015, none of the directors or chief executive had any interests or short positions in the share, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register kept by the Company pursuant to Section 352 of the SFO, or interests or short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for the share option scheme of the Company, at no time during the year were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE CAPITAL AND SHARE OPTION SCHEMES

Details of movements in the Company's issued share capital, together with the details of the Company's share option schemes are set out in the notes 32, 33 and 34 to the consolidated financial statements. During the year ended 31 March 2015, 153,383,000 share options have been granted.

Report of the Directors

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

At 31 March 2015, the interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests in the shares and underlying shares of the Company, as required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name of shareholder	Capacity	Long position in ordinary shares	Long position in underlying shares	Long position in ordinary shares and underlying shares to the total ordinary share capital in issue
Huge Leader Holdings Limited (Note)	Beneficial owner	2,445,882,000	67,934,000	25.61%
Mr. Xiao Baoyan (Note)	Corporate interest	2,445,882,000	67,934,000	25.61%
Ms. Chan Ka Wai (Note)	Corporate interest	2,445,882,000	67,934,000	25.61%

Note: Huge Leader Holdings Limited is owned as to 60% by Mr. Xiao Baoyan and 40% by Ms. Chan Ka Wai. The interest in underlying shares represents non-voting convertible preference shares of HK\$0.07 each.

Save as disclosed above, no person 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.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, there is sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

ANNUAL CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmation from each of the independent non-executive directors as regards their independence to the Company and considers that each of the independent non-executive directors is independent to the Company.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 41 to the consolidated financial statements.

Report of the Directors

AUDITORS

The financial statements of the Group for the year ended 31 March 2015 were audited by Elite Partners CPA Limited whose term of office will be expired upon the forthcoming annual general meeting. A resolution for the re-appointment of Elite Partners CPA Limited as the auditors of the Company will be proposed at the forthcoming annual general meeting.

On Behalf of the Board

Shen Lihong

Director

Hong Kong, 29 June 2015



Corporate Governance Report

Save as disclosed below, the Company has complied with all the code provisions in the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the year ended 31 March 2015.

THE BOARD OF DIRECTORS

The overall management of the Company’s business is vested in the Board of Directors (the “Board”), which assumes the responsibility for leadership and control of the Company and is collectively responsible for promotion the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

The Board takes the responsibility for all major matters of the Company including: the approval and monitoring of all policy matters, overall strategies, internal control and risk management systems, appointment and retirement of directors and other significant financial and operational matters.

The executive directors are responsible for overseeing the day-to-day management of the Company’s operations and implementation of the strategies set by the Board.

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement. The Board currently comprises six directors, including three executive directors and three independent non-executive directors. The names and biographical details of each director are disclosed on page 18 of this report. There is no relationship (including financial, business, family or other material relationship) among the members of the Board.

Following the resignation of Mr. Hui Chi Yung on 5 February 2014, the Company has not appointed a Chairman and thus there has been no segregation of duties during the year.

During the year, the Board at all times met the requirements of the Listing Rules in relation to the appointment of at least 3 independent non-executive directors with at least 1 independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company confirms that it has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors are independent.

Two of the independent non-executive directors, Mr. Liu Kwong Sang, and Ms. Cheung Lai Chun are appointed for a term of one year expiring on 1 September 2015 and 8 April 2016 respectively. The other one independent non-executive director is appointed for no fixed term and shall hold office only until the next general meeting. Each of the independent non-executive directors are subject to retirement by rotation or re-election in accordance with the Company’s Articles of Association. Regular Board meetings are held for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Corporate Governance Report

During the year, fourteen Board meetings were held and the attendance of individual directors was as follows:

Name of directors	Attendance
Ms. Sun Wei	14/14
Ms. Shen Lihong (appointed on 9 May 2014)	13/13
Mr. Yan Zhilei (appointed on 24 July 2015)	0/0
Mr. Liu Kwong Sang	5/14
Ms. Wang Miaojun	5/14
Ms. Cheung Lai Chun (appointed on 9 April 2015)	0/0
Dr. Wan Ho Yuen Terence (resigned on 9 April 2015)	3/14
Mr. Tan Bondy (retired on 29 August 2014)	3/5
Mr. Ma Qianli (retired on 29 August 2014)	2/5
Mr. Tsui Wing Tak (resigned on 9 May 2014)	0/1

BOARD COMMITTEES

In order to strengthen the functions of the Board and to oversee particular aspects of the Company's affairs, three committees have been established, namely, the Remuneration Committee, the Audit Committee and the Nomination Committee. These committees are established with defined written terms of reference.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee. As at the date of this report, the Remuneration Committee comprises one executive director, Ms. Sun Wei and three independent non-executive directors, namely, Mr. Liu Kwong Sang, Ms. Wang Miaojun and Ms. Cheung Lai Chun. Mr. Liu Kwong Sang is the Chairman of the Remuneration Committee. The primary objective for setting up the Remuneration Committee is to comply with the code provisions as set out in the CG Code. Its responsibilities are to review and consider the Company's policy for remuneration of directors and senior management, to recommend to the Board the remuneration packages of executive directors, independent non-executive directors and the senior management.

The Remuneration Committee held one meeting during the year. Details of individual attendance of its members are set out below:

Name of members	Attendance
Mr. Liu Kwong Sang	1/1
Ms. Sun Wei (appointed on 28 November 2014)	0/0
Ms. Wang Miaojun	1/1
Ms. Cheung Lai Chun (appointed on 9 April 2015)	0/0
Mr. Ma Qianli (retired on 29 August 2014)	0/0

During the year, the remuneration committee had reviewed and considered, inter alia, the remuneration policy of the Company and the remuneration of the directors and senior management.

Corporate Governance Report

AUDIT COMMITTEE

The Audit Committee comprised three independent non-executive directors as at the date of this report. Mr. Liu Kwong Sang is the Chairman of the Audit Committee. The primary duties of the Audit Committee are: to independent review and supervise the financial reporting process and internal control systems, to ensure good communications among directors and the Company's auditors, to recommend the appointment of external auditors on an annual basis and approval of the audit fees, to assist the Board in oversight of the independence, qualifications, performance and compensation of the independent accountant, to review interim and annual results announcements as well as the financial statements prior to their approval by the Board, to provide advice on audit report, accounting policies and comments to all directors.

The Audit Committee held two meetings during the year. Details of individual attendance of its members are set out below:

Name of members	Attendance
Mr. Liu Kwong Sang	2/2
Ms. Wang Miaojun	2/2
Ms. Cheung Lai Chun (appointed on 9 April 2015)	0/0
Dr. Wan Ho Yuen Terence (resigned on 9 April 2015)	2/2

During the year, the Audit Committee had reviewed and considered, inter alia, the annual results for the year ended 31 March 2014 and the interim results for the six months ended 30 September 2014. The annual report 2015 has been reviewed by the Audit Committee.

NOMINATION COMMITTEE

The Company has established the Nomination Committee and adopted written terms of reference in April 2012, and currently consists of four members, including Ms. Wang Miaojun (Chairman), Ms. Sun Wei, Mr. Liu Kwong Sang and Ms. Cheung Lai Chun, a majority of whom are independent non-executive directors.

The principal duties of the Nomination Committee include, among other things, (i) to review Board composition structure, size and diversity (including but not limited to gender, age, culture and educational background) at least annually; (ii) to make recommendations to the Board on the appointment and re-appointment of directors of the Company; and (iii) to assess the independence of independent non-executive directors of the Company.

During the year, two meetings of Nomination Committee were held with attendance of individual member is as follows:

Name of members	Attendance
Ms. Wang Miaojun	2/2
Ms. Sun Wei (appointed on 28 November 2014)	0/0
Mr. Liu Kwong Sang	2/2
Ms. Cheung Lai Chun (appointed on 9 April 2015)	0/0
Mr. Tan Bondy (retired on 29 August 2014)	1/1

Corporate Governance Report

NOMINATION OF DIRECTORS

The Nomination Committee is responsible for the formulation of nomination policies, making recommendations to shareholders on directors standing for re-election, providing sufficient biographical details of directors to enable shareholders to make an informed decision and the re-election, and where necessary, nominating appropriate persons to fill casual vacancies or as additions to the Board. The Nomination Committee from time to time reviews the composition of the Board with particular regard to ensuring that there is an appropriate number of directors on the Board independent of management. He also identified and nominates qualified individuals for appointment as new directors of the Company.

New directors of the Company will be appointed by the Board. The Nomination Committee will take into consideration criteria such as expertise, experience, integrity and commitment when considering new director appointments.

DIRECTORS' TRAINING

As part of an ongoing process of directors' training, the directors are updated with the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance of the same by all directors. All directors are encouraged to attend external forum or training courses on relevant topics which may count towards continuous professional development training.

Pursuant of code provision A.6.5 of CG Code and Report, which has come to into effect from 1 April 2012, all directors should participate in continuous professional development ("CPD") to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, some directors have participated in appropriate continuous professional development activities by attending training course on the topics related to corporate governance and regulations or by reading materials relevant to the Company's business or to their duties and responsibilities.

As part of the continuous professional development programs, directors participated in the various briefings and visits to local management and Company's facilities, as arranged and funded by the Company with appropriate emphasis on the roles, functions and duties of the directors. This is in addition to directors' attendance at meetings and review of papers and circulars sent by management. The participation by individual directors in the program during the year was recorded in the table below:

	Type of CPD programmes
EXECUTIVE DIRECTORS	
Ms. Sun Wei	B
Ms. Shen Lihong	B
Mr. Yan Zhilei (appointed on 24 July 2015)	N/A
INDEPENDENT NON-EXECUTIVE DIRECTORS	
Mr. Liu Kwong Sang	A, B
Ms. Wang Miaojun	B
Ms. Cheung Lai Chun (appointed on 9 April 2015)	N/A

Notes:

- A: attending seminars/forums/workshops/conferences relating to corporate governance and regulations
B: reading materials relevant to the Company's business or to directors' duties and responsibilities



Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. All directors have confirmed, following specific enquiry by the Company, that they have fully complied with the Model Code throughout the year ended 31 March 2015.

AUDITORS’ REMUNERATION

The Audit Committee reviews each year with the external auditors of the Company with regards their independence, approves their appointment, discusses the scope of their audit, approves their fees, and the scope and appropriate fees for any non-audit services requested to be provided by them. During the year, the fees paid to the Company’s auditors in respect of audit services amounted to HK\$550,000.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the “Independent Auditors’ Report” on pages 19 to 20.

The financial statements for the year were audited by Elite Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that Elite Partners CPA Limited be nominated for re-appointment as the auditors of the Company at the forthcoming annual general meeting.

DIRECTOR’S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board acknowledges their responsibilities for the preparation of the consolidated financial statements of the Group and ensures that they are prepared in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of such consolidated financial statements. The statement of the external auditors of the Group, Elite Partners CPA Limited, with regard to their reporting responsibilities on the Group’s consolidated financial statements is set out in the Independent Auditors’ Report on pages 19 to 20.

INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Company’s internal control system. The Company has established an internal control system and the Board will conduct review on the effectiveness of the system at least annually and report the result of the review to the shareholders.

COMPANY SECRETARY

The company secretary of the Company (the “Company Secretary”) has taken no less than 15 hours of relevant professional trainings to update his skills and knowledge during the year ended 31 March 2015.

SHAREHOLDER’S RIGHTS

The right and procedures to convene a general meeting and to demand a poll on resolutions at general meetings by shareholders of the company are set out in the Company’s amended and restated Articles of Association headed “General Meetings”, “Notice of General Meetings”, “Proceedings At General Meetings” and “Voting”. Shareholders may at any time send their enquiries to the Board by addressing them to the Company Secretary by post at the principal place of business of the Company.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Company has a shareholders communication policy to set out the Company's procedures in providing shareholders and investors in respect of the information about the Company.

The Company uses various communication methods to ensure its Shareholders are kept well informed. These include publication of annual report, various notices, announcements and circulars. The shareholders' meeting also provides a useful channel for shareholders to communicate directly with the Board at which the directors are available to answer questions relating to the Company's affairs. The right to demand voting by poll is communicated to the shareholders by way of circulars. Resolutions are proposed at each shareholder's meeting on each substantially separate issue, include the election of individual directors.

Certain independent non-executive directors, for the time when general meetings were held, had other business engagements and thus, were not able to attend most general meetings held during the year ended 31 March 2015. In this regard, the Company Secretary had reminded the relevant independent non-executive directors as well as the current independent non-executive directors to attend general meetings of the Company in future, for compliance of rule A.6.7 as set out in the CG Code.

Participation of individual directors at general meetings held during the year ended 31 March 2015 is as follows:

	AGM	EGM
Number of Meeting	1	1
EXECUTIVE DIRECTORS		
Ms. Sun Wei	1/1	0/1
Ms. Shen Lihong (appointed on 9 May 2014)	1/1	0/0
Mr. Tan Bondy (retired on 29 August 2014)	0/1	0/1
Mr. Tsui Wing Tak (resigned on 9 May 2014)	0/0	1/1
INDEPENDENT NON-EXECUTIVE DIRECTORS		
Mr. Liu Kwong Sang	1/1	0/1
Ms. Wong Miaojun	0/1	0/1
Dr. Wan Ho Yuen Terence (resigned on 9 April 2015)	0/1	0/1
Mr. Ma Qianli (retired on 29 August 2014)	0/1	0/1

Biographical Details of Directors

EXECUTIVE DIRECTORS

Ms. Sun Wei (“Ms. Sun”), aged 31, was appointed as an executive director of the Company in February 2014. Ms. Sun holds a Bachelor of Arts in English Education degree from Shanghai International Studies University, PRC, a Master of Science degree in Finance from Clark University, United States of America and a Postgraduate Certificate in Professional Accounting from City University of Hong Kong. Ms. Sun has over four years of experience in accounting and administration.

Ms. Shen Lihong (“Ms. Shen”), aged 30, was appointed as an executive director of the Company in May 2014. Ms. Shen was graduated with a Bachelor degree in law from the University of Yangzhou in June 2007, and a Master degree in public relations from the East China University of Finance in July 2010. Ms. Shen has six years of experience in media, film industry, and investor relations.

Mr. Yan Zhilei (“Mr. Yan”), aged 36, was appointed as an executive director of the Company in July 2015. Mr. Yan graduated with a bachelor’s degree in accounting from 長春稅務學院 (Changchun Taxation College*) in July 2002. Mr. Yan has over five years of experience in the electronic industry. He also served the positions as chief financial officer and deputy general manager in a number of large enterprises in the PRC. As such, Mr. Yan has extensive management experience in corporate leadership, corporate development, strategic planning and business strategies as well as in critical business decisions.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Liu Kwong Sang (“Mr. Liu”), aged 53, has been an independent non-executive director of the Company since September 2004. Mr. Liu has been practising as a certified public accountant in Hong Kong with more than 25 years of experience in accounting profession. Mr. Liu graduated from the Hong Kong Polytechnic University with a bachelor degree in Accountancy (with honours) and obtained the Master degree in Business Administration from the University of Lincoln, the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales, a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Institute of Financial Accountants, the United Kingdom and a fellow member of the Institute of Public Accountants (formerly known as “National Institute of Accountants”), Australia. Mr. Liu is also a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong, a Certified Tax Adviser and a fellow member of the Society of Registered Financial Planners. Mr. Liu acts as independent non-executive directors of Polytec Asset Holdings Limited, securities of which is listed on the main board of the Stock Exchange, and of abc Multiactive Limited and of Evershine Group Holdings Limited (formerly known as “TLT Lottotainment Group Limited”) whose securities are listed on the GEM board of the Stock Exchange, and of Pacific CMA, Inc. whose securities were previously listed on the American Stock Exchange. He was an independent non-executive director of Dragonite International Limited (formerly known as “Ruyan Group (Holdings) Limited”), a company listed on the main board of the Stock Exchange, for the period from April 2010 to September 2014.

Ms. Wang Miaojun (“Ms. Wang”), aged 34, was appointed as an independent non-executive director of the Company in February 2014. Ms. Wang holds a bachelor degree in Electronics and Information Engineering from Shenzhen University. Ms. Wang has over 10 years of experience in IT and media industry. Ms. Wang is currently a general manager of the online media department and a director in an online media company. Ms. Wang had extensive experience in operation and management and had held management roles in electronics, IT and media companies and had an established network of relationship within IT industry in the PRC.

Ms. Cheung Lai Chun (“Ms. Cheung”), aged 58, was appointed as an independent non-executive director of the Company in April 2015. Ms. Cheung was graduated from 福州大學 (Fuzhou University*) with a bachelor’s degree in 化學化工系 (Chemistry and Chemical Engineering*) in February 1980. From 1984 to 1991, she worked for 經濟技術協作單位 (the Economic and Technological Corporate Unit*) of the Fujian Provincial Government and was responsible for the corporate operations management. Ms. Cheung further recognized as 經濟師 (Economist*) by 福建省人事局 (Fujian Provincial Personnel Department*) in June 1990.

* For identification purpose only

Independent Auditors' Report



關元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

**To the members of
CHINA NATIONAL CULTURE GROUP LIMITED**
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China National Culture Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as set out on pages 21 to 89, which comprise the consolidated and the Company statements of financial position as at 31 March 2015, and the consolidated statement of profit of loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow 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 financial statements that gives a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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



Independent Auditors' Report

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs 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.

Elite Partners CPA Limited

Certified Public Accountants
Hong Kong, 29 June 2015

Siu Edmund

Practising Certificate Number P50333

Suites 2B-4A, 20th Floor, Tower 5,
China Hong Kong City
33 Canton Road, Tsim Sha Tsui
Hong Kong

Consolidated Statement of Profit or Loss

For the year ended 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
Continuing operations			
Turnover	8	20,429	2,951
Cost of sales		(13,827)	(2,648)
Gross profit		6,602	303
Other revenue	8	3	86
Administrative expenses		(20,243)	(8,594)
Other gains or losses	8	(126,447)	(155,290)
Loss from operating activities	9	(140,085)	(163,495)
Finance costs	10	(17,280)	(26,418)
Loss before taxation		(157,365)	(189,913)
Taxation	13	(2,629)	(1,814)
Loss after taxation from continuing operations		(159,994)	(191,727)
Discontinued operations			
Loss for the year from discontinued operations	16	–	(11,974)
Loss for the year		(159,994)	(203,701)
Attributable to:			
Owners of the Company			
– From continuing operations		(159,994)	(191,727)
– From discontinued operations		–	(11,974)
		(159,994)	(203,701)
Loss per share			
For loss for the year			
– Basic and Diluted (HK cents)	17	(2.14)	(5.51)
For loss from continuing operations			
– Basic and Diluted (HK cents)	17	(2.14)	(5.18)
For loss from discontinued operations			
– Basic and Diluted (HK cents)	16	–	(0.33)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	2015 HK\$'000	2014 HK\$'000
Loss for the year	(159,994)	(203,701)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent period:		
Exchange differences on translating foreign operations	53	(368)
Reclassification adjustments upon disposal of subsidiaries during the year	–	1,850
Other comprehensive income for the year, net of income tax	53	1,482
Total comprehensive loss for the year	(159,941)	(202,219)
Total comprehensive loss attributable to:		
– Owners of the Company	(159,941)	(202,219)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	18	381	371
Goodwill	19	264,000	410,260
Available-for-sale financial asset	21	–	165
		264,381	410,796
Current assets			
Financial assets held for trading	22	37,180	–
Accounts receivable	24	16,525	1,460
Prepayments, deposits and other receivables	25	803	1,019
Cash and cash equivalents	26	46,424	2,183
		100,932	4,662
Total assets		365,313	415,458
EQUITY			
Capital and reserves			
Share capital			
– Ordinary shares	32	98,144	52,780
– Non-voting convertible preference shares	33	–	257,180
Reserves	35	203,626	(125,459)
Equity attributable to owners of the Company		301,770	184,501
Total equity		301,770	184,501

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Other loan	29	–	20,727
Promissory notes	30	–	193,779
		–	214,506
Current liabilities			
Accounts payable	27	735	35
Other payables and accruals	28	15,810	14,602
Promissory notes	30	43,877	–
Tax payables		–	1,814
Deferred tax liabilities	31	3,121	–
		63,543	16,451
Total liabilities		63,543	230,957
Total equity and liabilities		365,313	415,458
Net current assets/(liabilities)		37,389	(11,789)
Total assets less current liabilities		301,770	399,007

Approved and authorised for issue by the Board of Directors on 29 June 2015

Sun Wei
Director

Shen Lihong
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company								
	Ordinary share capital HK\$'000	Share premium HK\$'000	Share option reserves HK\$'000	Non-voting convertible preference share HK\$'000	Capital reserve HK\$'000 (Note (a))	Exchange translation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2013	31,238	209,088	—	401,800	9,800	80	1,850	(295,274)	358,582
Loss for the year	—	—	—	—	—	—	—	(203,701)	(203,701)
Other comprehensive loss for the year:									
Exchange difference on translating foreign operations	—	—	—	—	—	(368)	—	—	(368)
Reclassification adjustments relating to business operations disposed of during the year	—	—	—	—	—	—	(1,850)	1,850	—
Total comprehensive loss for the year	—	—	—	—	—	(368)	(1,850)	(201,851)	(204,069)
Placing of shares	882	29,106	—	—	—	—	—	—	29,988
Issue of shares upon conversion of convertible preference shares	20,660	123,960	—	(144,620)	—	—	—	—	—
At 31 March 2014 and 1 April 2014	52,780	362,154	—	257,180	9,800	(288)	—	(497,125)	184,501
Loss for the year	—	—	—	—	—	—	—	(159,994)	(159,994)
Other comprehensive loss for the year:									
Exchange difference on translating foreign operations	—	—	—	—	—	53	—	—	53
Total comprehensive loss for the year	—	—	—	—	—	53	—	(159,994)	(159,941)
Placing of shares	7,090	200,895	—	—	—	—	—	—	207,985
Issue of shares upon conversion of convertible preference shares	36,740	220,440	—	(257,180)	—	—	—	—	—
Equity-settled share-option arrangement	—	—	11,709	—	—	—	—	—	11,709
Issue of share under share option scheme	1,534	67,691	(11,709)	—	—	—	—	—	57,516
At 31 March 2015	98,144	851,180	—	—	9,800	(235)	—	(657,119)	301,770

Note:

- (a) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefor.

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 before taxation		
Loss from continuing operations	(157,365)	(189,913)
Loss from discontinued operations	–	(11,961)
Adjustments for:		
Finance costs	17,280	26,418
Depreciation	181	194
Loss on disposal of property, plant and equipment	–	135
Impairment loss in respect of available-for-sale financial asset	165	–
Net unrealised gain on financial assets held for trading	(22,879)	–
Net realised loss on disposal of financial assets held for trading	6,539	–
Impairment loss in respect of goodwill	146,260	160,247
Impairment loss in respect of accounts receivable	–	229
Impairment loss in respect of other receivables	550	10,436
Gain on early extinguishment of promissory notes	(22,266)	–
Gain on disposal of subsidiaries	–	(5,178)
Net fair value losses on early redemption of promissory notes	18,078	–
Equity-settled share option expenses	11,709	–
Operating cash flows before working capital changes	(1,748)	(9,393)
(Increase)/Decrease in accounts receivable	(15,065)	339
Increase in prepayments, deposits and other receivables	(498)	(457)
Increase/(Decrease) in accounts payable	700	(1,060)
(Decrease)/Increase in other payables and accruals	(1,355)	2,522
Cash used in operations	(17,966)	(8,049)
Hong Kong profits tax paid	(1,158)	(13)
Net cash used in operating activities	(19,124)	(8,062)
Cash flows from investing activities		
Purchase of property, plant and equipment	(191)	(123)
Purchase of financial assets held for trading	(34,987)	–
Proceeds from disposal of financial assets held for trading	14,147	–
Net cash movement from disposal of subsidiaries	–	(8)
	36	
Net cash used in investing activities	(21,031)	(131)
Cash flows from financing activities		
Redemption of promissory notes	(160,000)	–
Proceeds from issue of ordinary shares	–	29,988
Repayment of loans from shareholders	–	(21,875)
Repayment of other loan	(21,158)	–
Proceeds from issue of shares pursuant to the placing	207,985	–
Proceeds from issue of shares under share option scheme	57,516	–
Net cash generated from financing activities	84,343	8,113
Net increase (decrease) in cash and cash equivalents	44,188	(80)
Cash and cash equivalents at the beginning of the year	2,183	2,501
Effect of foreign exchange rate changes, net	53	(238)
Cash and cash equivalents at the end of the year	46,424	2,183
Analysis of balances of cash and cash equivalents		
Cash and bank balances	46,424	2,183

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	23	248,029	427,891
Current assets			
Prepayments, deposits and other receivables	25	754	709
Cash and cash equivalents		1	5
		755	714
Total assets		248,784	428,605
EQUITY			
Capital and reserves			
Share capital			
– Ordinary share capital	32	98,144	52,780
– Non-voting convertible preference shares	33	–	257,180
Reserves	35	115,917	61,490
Total equity		214,061	371,450
LIABILITIES			
Non-current liabilities			
Other loan	29	–	20,727
		–	20,727
Current liabilities			
Other payables and accruals	28	2,138	2,020
Amounts due to subsidiaries		32,585	32,594
Tax payables		–	1,814
		34,723	36,428
Total liabilities		34,723	57,155
Total equity and liabilities		248,784	428,605
Net current liabilities		(33,968)	(35,714)
Total assets less current liabilities		214,061	392,177

Approved and authorised for issue by the Board of Directors on 29 June 2015

Sun Wei
Director

Shen Lihong
Director

The accompanying notes form an integral part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

1. CORPORATE INFORMATION

China National Culture Group Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 27 August 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company in Hong Kong is located at Room 901, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong.

The Group was principally involved in providing the advertising media services and movie production and distribution business.

The consolidated financial statements are prepared in Hong Kong dollars (HK\$), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amendments to HKFRSs and the new Interpretation that are mandatorily effective for the current year

The Group has applied for the first time in the current year the following amendments to HKFRSs and a new Interpretation issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	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

The initial application of these financial reporting standards does not necessitate material changes in the Group’s accounting policies and retrospective adjustments of the comparatives presented in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New and revised Standards and Interpretations issued but not yet effective

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

HKFRS 9	Financial Instruments ⁶
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁵
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ³
Amendments to HKAS 1	Disclosure Initiative ³
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ³
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ³
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities: Applying the Consolidation Exception ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle ³

¹ Effective for accounting periods beginning on or after 1 July 2014

² Effective for accounting periods beginning on or after 1 July 2014 with limited exceptions

³ Effective for accounting periods beginning on or after 1 January 2016

⁴ Effective for first annual financial statements beginning on or after 1 January 2016

⁵ Effective for accounting periods beginning on or after 1 January 2017

⁶ Effective for accounting periods beginning on or after 1 January 2018

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to 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 hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

(b) New and revised Standards and Interpretations issued but not yet effective (Continued)

Key requirements of HKFRS 9 are described below:

- 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. Under HKFRS 9, 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. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may take an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 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 fair value of the financial liabilities 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 requires 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 on hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedge accounting. In additions, 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 application of HKFRS 9 in the future may have significant impacts on amounts reported in respect of the Group’s financial assets and financial liabilities. Regarding the Group’s financial assets and liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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 than quoted prices included within 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.

The principal accounting policies are set out below.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 statement of profit or loss and other comprehensive income/ consolidated statement of profit or loss 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 into line with the Group's accounting policies.

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

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination

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

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 interest's 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, when applicable, on the basis specified in another HKFRS.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combination *(Continued)*

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) 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 an 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 pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

Foreign currencies

The consolidated financial statements are presented in Hong Kong Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items 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 at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or 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 relation to a partial disposal of a subsidiary that does not result in the Group losing control over a subsidiary, 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 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 equity under the heading of exchange translation reserve.

Property, plant and equipment

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

The cost of an asset 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 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 it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the property, plant and equipment, the expenditure is capitalised as an additional cost of that property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment *(Continued)*

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The principal annual rates used for this purpose are as follow:

Leasehold improvement	Over the terms of lease or 3 years, whichever is shorter
Machinery	33 $\frac{1}{3}$ %
Motor vehicles	20%
Furniture, fixtures and equipment	20%
Tools and equipment	20%

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

Impairment of tangible assets

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate of the amount can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation

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

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'loss before taxation' as reported in the consolidated statement of profit or loss because of items of income or expense that are taxable or deductible in other years and 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.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

Deferred tax

Deferred tax is recognised on 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 deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxation profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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.

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 when the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

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

Current and deferred tax for the year

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee benefits

Retirement benefits schemes

The Group operates defined contribution retirement benefits schemes in Hong Kong, including a Mandatory Provident Fund Scheme (the "MPF Scheme"), for those employees who are eligible and have elected to participate in the schemes. Contributions are made based on a percentage of the participating employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. When an employee leaves the schemes, with the exception of the MPF Scheme, prior to his/ her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of any forfeited contributions. In respect of the MPF Scheme, the Group's employer contributions vest fully with the employees when contributed into the scheme.

The employees of the Group's subsidiary which operates in the PRC are required to participate in a central pension scheme operated by the local municipal government. The subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transaction are set out in Note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserves.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserves will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserves will be transferred to retained earnings.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue

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:

- (i) advertising income, on a straight-line basis over the period during the advertisement is displayed;
- (ii) on-line advertising and media related service income is recognised when the service is rendered;
- (iii) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable; and
- (iv) Movie production and related income is recognised when the service is rendered.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into the following specified categories: available-for-sale financial assets, financial assets held for trading and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at fair value through profit or loss ("FVTPL").

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instrument that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

- such designation 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 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 22.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) FVTPL.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts receivable, other receivables and cash and cash equivalents) are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days to its contract customers and 180 days for advertising customers, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of and entity after deducting all of its liabilities. Equity instruments issued by the Group 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.

Other financial liabilities

Other financial liabilities (including promissory notes, loans from shareholders, accounts payable and other payables and accruals) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition

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

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Contingent assets and liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Segment information

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

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

Related parties

For the purposes of these financial statements, related parties include a person and entity as defined below:

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Company or of a parent of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Related parties *(Continued)*

- (ii) An entity is related to the Group (reporting entity) if any of the following conditions applies:
- (a) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (b) either entity is an associate or joint venture of the other entity (or of a member of a group of which the other entity is a member);
 - (c) both entities are joint ventures of a third entity;
 - (d) either entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (e) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the reporting entity is itself such a plan, the sponsoring employers are also related to the plan;
 - (f) the entity is controlled or jointly controlled by a person identified in (i);
 - (g) a person identified in (i)(a) has significant voting power in the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Current assets and liabilities

Current assets are expected to be realised within twelve months of the reporting date or in the normal course of the operating cycle. Current liabilities are expected to be settled within twelve months of the reporting date or in the normal course of the operating cycle.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group	
	2015	2014
	HK\$'000	HK\$'000
Financial assets		
Financial assets held for trading	37,180	–
Loans and receivables (including cash and cash equivalents)	62,986	4,343
Available-for-sale financial asset	–	165
	100,166	4,508
Financial liabilities		
Amortised cost	60,422	229,143

	The Company	
	2015	2014
	HK\$'000	HK\$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	248,030	428,338
Financial liabilities		
Amortised cost	34,723	55,341

(b) Financial risk management objectives and policies

The Group's and the Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

Management regularly manages the financial risks of the Group and the Company. Because of the simplicity of the financial structure and the current operations of the Group and the Company, no major hedging activities are undertaken by management.

Market risk

(i) Foreign currency risk management

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currency of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Market risk *(Continued)*

(ii) *Interest rate risk management*

The Group's interest rate risk arises from interest-bearing borrowings. Other loan and promissory notes, as disclosed in Notes 29 and 30 respectively, which issued at fixed rates, expose the Group to fair value interest rate risk. The Group did not enter into interest rate swap to hedge against its exposures to changes in fair values of the borrowings.

The Group considers that there is no significant cash flow interest rate risk as the Group does not have variable-rate borrowings.

The Group's and the Company's exposure to interest rates on financial liabilities is detailed in the liquidity risk management section of this note.

Credit risk management

As at 31 March 2015, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated and the Company statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimise the credit risk of the Company on the amounts due from subsidiaries, the management of the Company closely monitored the recoverability of the amounts due. In this regard, the directors of the Company consider that the Company's credit risk on it is significantly reduced.

The credit risk on liquid funds including cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group and the Company do not have any other significant concentration of credit risk.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework to meet the Group's and the Company's short, medium and long-term funding and liquidity management requirements. The Group and the Company manage liquidity risk by maintaining adequate reserves and banking facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and financial liabilities.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The Group

At 31 March 2015

	Weighted average effective interest rate %	Within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Non-derivative Financial liabilities						
Accounts payable	-	735	-	-	735	735
Other payables and accruals	-	15,810	-	-	15,810	15,810
Promissory notes	13.73	55,800	-	-	55,800	43,877
		72,345	-	-	72,345	60,422

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

The Group (Continued)

At 31 March 2014

	Weighted average effective interest rate %	Within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Non-derivative Financial liabilities						
Accounts payable	-	35	-	-	35	35
Other payables and accruals	-	14,604	-	-	14,604	14,602
Other loan	5.00	-	22,282	-	22,282	20,727
Promissory notes	14.21	-	224,432	-	224,432	193,779
		14,639	246,714	-	261,353	229,143

The Company

At 31 March 2015

	Weighted average effective interest rate %	Within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Non-derivative Financial liabilities						
Other payables and accruals	-	2,138	-	-	2,138	2,138
Amounts due to subsidiaries	-	32,585	-	-	32,585	32,585
		34,723	-	-	34,723	34,723

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

The Company (Continued)

At 31 March 2014

	Weighted average effective interest rate %	Within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Non-derivative Financial liabilities						
Other payables and accruals	-	2,020	-	-	2,020	2,020
Other loan	5.00	-	22,282	-	22,282	20,727
Amounts due to subsidiaries	-	32,594	-	-	32,594	32,594
		34,614	22,282	-	56,896	55,341

The carrying amounts and fair values of the Group's and the Company's financial instruments, other than those with carrying amounts that reasonably approximately to fair values, are as follows:

	2015		2014	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
Non-derivative Financial liabilities				
Promissory notes	43,877	53,972	193,779	185,298

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Fair value measurements recognised in the consolidated statement of financial position

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

No analysis is disclosed since the Group and the Company has no financial instruments that are measured subsequent to initial recognition at fair value at the end of the reporting period.

There were no transfers between Levels 1 and 2 and 3 in both years.

Fair value hierarchy

The following table illustrate the fair value measurement hierarchy of the Group's financial instruments:

The Group

At 31 March 2015

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets:				
Financial assets held for trading	37,180	-	-	37,180
Non-derivative financial liabilities:				
Promissory notes	-	43,877	-	43,877

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

4. FINANCIAL INSTRUMENTS *(Continued)*

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

Fair value hierarchy (Continued)

The Group *(Continued)*

At 31 March 2014

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Non-derivative financial liabilities:				
Promissory notes	–	193,779	–	193,779

The promissory notes' fair values were computed based on discount cash flow method. The fair value of promissory notes were mainly driven by the discount rate which incorporated the equivalent credit rating of the Group and risk free rate.

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt (which includes other loan and promissory notes). The ratio is calculated based on total debt and total assets of the Group. The directors of the Company review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and issuance of new shares as well as the addition of new borrowings.

The Group is not subject to any externally imposed capital requirements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

5. CAPITAL RISK MANAGEMENT *(Continued)*

Gearing ratio

The gearing ratios at 31 March 2015 and 31 March 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Debt (Note (a))	43,877	214,506
Assets (Note (b))	365,313	415,458
Gearing ratio	12.01%	51.63%

Notes:

- (a) Debt comprises other loan and promissory notes as detailed in Notes 29 and 30 respectively.
- (b) Assets includes all current and non-current assets of the Group.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty

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

(a) Income taxes

The Group is subject to income taxes in Hong Kong and the People's Republic of China (the "PRC"). Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(b) Impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(c) Fair value estimation

The carrying amounts of the Group's financial assets, including accounts receivable, other receivables, and cash and bank balances, and financial liabilities, including accounts payable, other payables and accruals and promissory notes, approximate their fair values due to their short maturities. The face values less any credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(d) *Impairment of accounts receivable and other receivables*

The aged debt profile of accounts receivable and other receivables is reviewed on a regular basis to ensure that the accounts receivable balances are collectible and follow up actions are promptly carried out if the agreed credit periods have been exceeded. However, from time to time, the Group may experience delays in collection. Where recoverability of receivables are called into doubts, specific provisions for bad and doubtful debts are made based on credit status of the debtors, the aged analysis of the accounts receivable balances and write-off history. Certain receivables may be initially identified as collectible, yet subsequently become uncollectible and result in a subsequent write-off of the related receivables to the statement of comprehensive income. Changes in the collectability of accounts receivable for which provisions are not made could affect our results of operations.

(e) *Impairment for goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill as at 31 March 2015 was approximately HK\$264,000,000 (2014: HK\$410,260,000). Details of the impairment loss calculation are disclosed in Note 20.

7. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, information is reported to the chief operating decision maker of the Company, based on the following operating and reportable segments:

- (a) the advertising segment — provision of advertising and value added services through mobile devices;
- (b) the movie production segment — production and distribution of films and provision of other film related services;

The following operations have been discontinued during the year ended 31 March 2014:

- (c) the building construction segment which engages in construction and foundation contract works as a main contractor or subcontractor for building construction in the private and public sectors; and
- (d) the renovation, repairs and maintenance segment which engages in site formation, civil engineering works, repairs, maintenance, renovation and fitting out works in the private and public sectors.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Continuing operations				Discontinued operations				Consolidated	
	Advertising		Movie production		Building construction		Renovation, repairs and maintenance			
	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
Segment revenue:										
Contract revenue from external customers	6,054	2,951	14,375	-	-	-	-	-	20,429	2,951
Segment results	5,354	303	1,248	-	-	-	-	-	6,602	303
Other revenue and unallocated gains									45,148	5,272
Corporate and other unallocated expenses									(191,835)	(169,070)
Finance costs									(17,280)	(26,418)
Loss before taxation									(157,365)	(189,913)
Taxation									(2,629)	(1,814)
Loss for the year from discontinued operations									-	(11,974)
Loss for the year									(159,994)	(203,701)

There were no inter-segment sales during the year (2014: Nil). Segment profit represents the profit earned without allocation of central administration costs including directors' salaries, investment and other income, gain on disposal of subsidiaries, gain on early extinguishment of promissory notes, impairment loss in respect of goodwill, impairment loss in respect of available-for-sale financial asset, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	Continuing operations				Discontinued operations				Consolidated	
	Advertising		Movie production		Building construction		Renovation, repairs and maintenance			
	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
Segment assets	312,737	413,761	14,375	-	-	-	-	-	327,112	413,761
Unallocated assets									38,201	1,697
									365,313	415,458
Segment liabilities	43,332	181,968	-	-	-	-	-	-	43,332	181,968
Unallocated liabilities									20,211	48,989
									63,543	230,957

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

- all assets are allocated to reportable segments other than financial assets held for trading and unallocated head office and corporate assets.
- all liabilities are allocated to reportable segments other than current tax liabilities and unallocated head office and corporate liabilities.

Other segment information

	Continuing operations						Discontinued operations				Consolidated	
	Advertising		Movie production		Unallocated		Building construction		Renovation, repairs and maintenance			
	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
Depreciation	28	36	-	-	153	149	-	9	-	-	181	194
Additions to non-current assets	191	46	-	-	-	77	-	-	-	-	191	123
Impairment loss in respect of accounts receivable	-	229	-	-	-	-	-	-	-	-	-	229
Impairment loss in respect of other receivables	-	-	-	-	550	-	-	10,436	-	-	550	10,436
Impairment loss in respect of goodwill	146,260	160,247	-	-	-	-	-	-	-	-	146,260	160,247
Impairment loss in respect of available-for-sale financial asset	165	-	-	-	-	-	-	-	-	-	165	-

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

7. SEGMENT INFORMATION *(Continued)*

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the PRC.

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Hong Kong		The PRC		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	1,650	2,775	18,779	176	20,429	2,951
Non-current assets*	264,379	410,609	2	22	264,381	410,631

* Non-current assets exclude available-for-sale financial asset.

Revenue from its major services/products

The Group's revenue from its major services/products was as follows:

	2015	2014
	HK\$'000	HK\$'000
Advertising	6,054	2,951
Movie production and related income	14,375	–
	20,429	2,951

Information about major customer

Revenue from customer of the years ended 31 March 2015 and 2014 contributing over 10% of the total revenue of the Group are generated from movie production business and as follows:

	2015	2014
	HK\$'000	HK\$'000
Customer A	14,375	–

There is no other single customer contributing over 10% of total revenue of the Group for the years ended 31 March 2015 and 2014.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

8. TURNOVER, OTHER REVENUE AND OTHER GAINS OR LOSSES

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

	2015 HK\$'000	2014 HK\$'000
Turnover:		
Advertising income	6,054	2,951
Movie production and related income	14,375	–
	20,429	2,951
Other revenue:		
Sundry income	3	86
Other gains or losses:		
Net unrealised gain on financial assets held for trading	22,879	–
Net realised loss on disposal of financial assets held for trading	(6,539)	–
Gain on waiver of loan from a shareholder	–	8
Gain on extinguishment of promissory notes	22,266	–
Gain on disposal of subsidiaries	–	5,178
Impairment loss in respect of accounts receivable	–	(229)
Impairment loss in respect of goodwill	(146,260)	(160,247)
Impairment loss in respect of available-for-sale financial asset	(165)	–
Net fair value losses on early redemption of promissory notes	(18,078)	–
Impairment loss in respect of other receivables	(550)	–
	(126,447)	(155,290)

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

9. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Auditors' remuneration	550	550
Depreciation	181	185
Staff costs (excluding directors' remuneration)		
– equity-settled share option expenses	5,854	–
– wages and salaries	1,661	1,670
– pension scheme contributions	53	93
	7,568	1,763
Equity-settled share based payment		
– directors	1,171	–
– employees	5,854	–
– consultants	4,684	–
	11,709	–
Minimum lease payments under operating leases:		
– land and buildings	59	139

10. FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest expense on other loan	431	–
Interest expense on amount due to a related party	–	1,480
Imputed interest expense arising from promissory notes wholly repayable within five years	16,849	24,938
	17,280	26,418

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the directors were as follows:

	Fees		Salaries and other benefits		Equity-settled share options expenses		Pension scheme contributions		Total	
	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
Executive Directors										
Ms. Shen Lihong (appointed on 9 May 2014)	-	-	321	-	1,171	-	-	-	1,492	-
Ms. Sun Wei (appointed on 26 February 2014)	-	-	120	-	-	-	6	-	126	-
Mr. Tan Bondy (appointed on 17 January 2014 and retired on 29 August 2014)	-	-	-	75	-	-	-	-	-	75
Mr. Tsui Wing Tak (appointed on 17 January 2014 and resigned on 9 May 2014)	-	-	90	124	-	-	-	-	90	124
Ms. Yih Chuen Yung, Grace (resigned on 29 January 2014)	-	-	-	155	-	-	-	8	-	163
Mr. Hui Chi Yung (resigned on 5 February 2014)	-	-	-	698	-	-	-	13	-	711
	-	-	531	1,052	1,171	-	6	21	1,708	1,073
Independent Non-Executive Directors										
Mr. Liu Kwong Sang	120	45	-	-	-	-	-	-	120	45
Mr. Ma Qianli (appointed on 26 February 2014 and retired on 29 August 2014)	-	-	-	-	-	-	-	-	-	-
Ms. Wang Miaojun (appointed on 5 February 2014)	120	-	-	-	-	-	-	-	120	-
Dr. Wan Ho Yuen Terence (appointed on 17 January 2014)	120	25	-	-	-	-	-	-	120	25
Mr. Sit Hing Wah (resigned on 26 February 2014)	-	34	-	-	-	-	-	-	-	34
Dr. Hu Chung Kuen, David (resigned on 17 January 2014)	-	16	-	-	-	-	-	-	-	16
	360	120	-	-	-	-	-	-	360	120
	360	120	531	1,052	1,171	-	6	21	2,068	1,193

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

11. DIRECTORS' EMOLUMENTS *(Continued)*

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

12. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2014: one) was a director of the Company whose emoluments is included in the disclosures in Note 11 above. The emoluments of the remaining four (2014: four) individuals were as follows:

	2015 HK\$'000	2014 HK\$'000
Equity-settled share option expenses	4,864	–
Wages and salaries	546	853
Pension scheme contributions	19	35
	5,429	888

The emoluments of the four (2014: four) individuals with the highest emoluments are within the following band:

	Number of individuals	
	2015	2014
Nil - HK\$ 999,999	–	4
HK\$1,000,000 - HK\$1,499,999	4	–

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For the year ended 31 March 2015

13. TAXATION

A reconciliation of the tax expense applicable to loss before taxation using the statutory rates for the countries in which the Company and its subsidiaries, and jointly-controlled entity are domiciled to the tax expense at the effective tax rates, and a reconciliation of tax at the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Hong Kong		2015 PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Loss before taxation	(157,333)		(32)		(157,365)	
Tax at applicable tax rate	(25,960)	(16.5)	(8)	(25)	(25,968)	(16.5)
Tax effect of expenses not deductible for tax purpose	57,504	36.5	–	–	57,504	36.5
Tax effect of income not taxable for tax purpose	(33,900)	(21.5)	–	–	(33,900)	(21.5)
Tax effect of tax losses not recognised	1,995	1.3	8	25	2,003	1.3
Tax effect of temporary difference not recognised	3,792	2.4	–	–	3,792	2.4
Under-provision of tax of prior year	(492)	(0.3)	–	–	(492)	(0.3)
Utilisation of tax losses previously not recognised	(310)	(0.2)	–	–	(310)	(0.2)
Tax charge at the Group's effective rate	2,629	1.7	–	–	2,629	1.7

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

13. TAXATION (Continued)

	Hong Kong		2014 PRC		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Loss before taxation	(189,870)		(43)		(189,913)	
Tax at applicable tax rate	(31,329)	(16.5)	(11)	(25.0)	(31,340)	(16.5)
Tax effect of expenses not deductible for tax purpose	26,441	13.9	5	11.6	26,446	13.9
Tax effect of income not taxable for tax purpose	(806)	(0.4)	–	–	(806)	(0.4)
Tax effect of tax losses not recognised	5,694	2.9	6	13.1	5,700	3.0
Under-provision of tax of prior year	1,814	0.9	–	–	1,814	0.9
Tax charge at the Group's effective rate	1,814	0.9	–	–	1,814	0.9

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The net loss attributable to owners of the Company for the year ended 31 March 2015 dealt with in the financial statements of the Company is approximately HK\$9,900,000 (2014: net loss of approximately HK\$12,026,000).

15. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 31 March 2015 (2014: Nil).

16. DISCONTINUED OPERATIONS

Disposal of building construction operation

On 30 September 2013, the Group entered into a sale and purchase agreement to dispose its entire equity interest in Wing Hong Contractors Limited ("WH Contractors") which carried out all of the Group's building construction operation. The disposal of WH Contractors was completed on 30 September 2013.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

16. DISCONTINUED OPERATIONS *(Continued)*

Disposal of renovation, repairs and maintenance operation

On 30 September 2013, the Group entered into a sale and purchase agreement to dispose its entire equity interest in Wing Hong Interior Contracting Limited ("WH Interior") which carried out all of the Group's renovation, repairs and maintenance operation. The disposal of WH Interior was completed on 30 September 2013.

The results of building construction and renovation, repairs and maintenance operations for the year are presented below:

	2015 HK\$'000	2014 HK\$'000
Turnover	–	–
Administrative expenses	–	(1,500)
Impairment loss in respect of other receivables	–	(10,436)
Loss from operating activities	–	(11,936)
Finance costs	–	(25)
Loss before taxation from discontinued operations	–	(11,961)
Taxation	–	(13)
Loss after taxation from discontinued operations	–	(11,974)
Attributable to:		
Owners of the Company	–	(11,974)

The loss from discontinued operations is arrived at after charging:

	2015 HK\$'000	2014 HK\$'000
Depreciation	–	9
Staff cost (excluding director's remuneration)		
– wages and salaries	–	623
– pension scheme contributions	–	35
	–	658

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For the year ended 31 March 2015

16. DISCONTINUED OPERATIONS *(Continued)*

Cash flows from discontinued operations

	2015 HK\$'000	2014 HK\$'000
Net cash used in operating activities	–	(47)
Net cash generated from investing activities	–	–
Net cash generated from financing activities	–	–
Net cash outflow	–	(47)

	2015	2014
Loss per share:		
Basic, from discontinued operations (HK cents)	–	(0.33)
Diluted, from discontinued operations (HK cents)	–	(0.33)

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

	2015 HK\$'000	2014 HK\$'000
Loss attributable to ordinary equity holders of the Company from discontinued operations	–	(11,974)

	'000	'000
Weighted average number of ordinary shares	7,459,308	3,698,382

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

17. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2015 HK\$'000	2014 HK\$'000
Loss:		
Loss for the year	(159,994)	(203,701)
Loss from continuing operations	(159,994)	(191,727)

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	7,459,308	3,698,382

Diluted loss per share for the years ended 31 March 2015 and 2014 were the same as basic loss per share as the loss per share is anti-dilutive.

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For the year ended 31 March 2015

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvement HK\$'000	Machinery HK\$'000	Motor vehicles HK\$'000	Furniture, fixture and equipment HK\$'000	Tool and equipment HK\$'000	Total HK\$'000
Cost:						
At 1 April 2013	139	2,004	682	455	126	3,406
Additions	–	32	–	72	19	123
Disposal of subsidiaries	(31)	(1,911)	–	(196)	(123)	(2,261)
Disposal	(21)	(125)	–	(11)	(22)	(179)
Exchange difference	–	–	–	1	–	1
At 31 March 2014 and 1 April 2014	87	–	682	321	–	1,090
Additions	13	–	–	178	–	191
Exchange difference	–	–	–	(1)	–	(1)
At 31 March 2015	100	–	682	498	–	1,280
Accumulated depreciation and impairment						
At 1 April 2013	(113)	(1,931)	(302)	(362)	(121)	(2,829)
Provided for the year	(5)	(24)	(122)	(41)	(2)	(194)
Eliminated on disposal of subsidiaries	31	1,911	–	196	123	2,261
Eliminated on disposal	–	44	–	–	–	44
Exchange difference	–	–	–	(1)	–	(1)
At 31 March 2014 and 1 April 2014	(87)	–	(424)	(208)	–	(719)
Provided for the year	(2)	–	(122)	(57)	–	(181)
Exchange difference	–	–	–	1	–	1
At 31 March 2015	(89)	–	(546)	(264)	–	(899)
Net carrying amount:						
At 31 March 2015	11	–	136	234	–	381
At 31 March 2014	–	–	258	113	–	371

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For the year ended 31 March 2015

19. GOODWILL

The Group

	HK\$'000
Cost:	
At 1 April 2013, 31 March 2014 and 2015	663,158
Accumulated impairment losses:	
At 1 April 2013	92,651
Impairment loss recognised for the year	160,247
At 31 March 2014 and 1 April 2014	252,898
Impairment loss recognised for the year	146,260
At 31 March 2015	399,158
Carrying amount:	
At 31 March 2015	264,000
At 31 March 2014	410,260

Pursuant to business acquisition of Huge Leader Development Limited and its subsidiaries, goodwill has been generated and which represents the benefit of expected synergy, revenue growth and future market development of Huge Leader Development Limited and its subsidiaries.

As at 31 March 2015, the Group determined the recoverable amount of cash generating unit ("CGU") for advertising through mobile devices and retail chain to be approximately HK\$264,000,000 (2014: HK\$410,260,000). The directors of the Company has hired International Valuation Limited as their expert in deriving the value in use of the CGU. The valuation had used cash flows projection based on financial budgets approved by management which covered a 5-year period, and incorporated therein, a discount rate of 13.92% (2014: 15.7%); in addition, those expected cash flows beyond five-year period did not contain any growth rate. As the recoverable amount of the CGU was below its carrying amount, an impairment loss of approximately HK\$146,260,000 has been recognised in profit or loss included in other gains or losses (2014: HK\$160,247,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

19. GOODWILL (Continued)

The Group (Continued)

The key assumptions used in value in use calculations for advertising are as follows:

- Budgeted market share and sales, average market share and sales in the period immediately before the budget period is expected to be unchanged over the budget period. The values assigned to the assumptions reflect past experience, except for the growth factor, which is consistent with management plans for focusing operations in the industry. Management believes the planned market share growth and budgeted sales over the budget period is reasonably achievable.
- Budgeted gross margin is constant over the budgeted period.

20. IMPAIRMENT TESTING ON GOODWILL

Goodwill has been allocated for impairment testing purposes to the following groups of cash-generating units:

- Advertising at mobile devices and retail chain network

After recognition of impairment losses, the carrying amount of goodwill was allocated to cash-generating units as follows:

	2015 HK\$'000	2014 HK\$'000
Advertising at mobile devices and retail chain network	264,000	410,260

Advertising through mobile devices and retail chain network

The recoverable amount of this cash-generating units are determined based on a value in use calculation which uses discounted cash flow projections based on financial budgets approved by management covering a five-year period.

The impairment loss recognised for both year entirely attributed to goodwill arising from acquisition of Huge Leader Development Limited and its subsidiaries. After the acquisition, the Group has worked with their business partners and endeavored to commence business. During the year ended 31 March 2015, the development of the business is still in progress due to economic downturn. The technician who is responsible for developing the dining apps estimated the foreseeable time to launch the business will be longer than what they had previously expected. In the opinion of the Directors, there is unexpected business risks arising from operational risk and uncertainty involved in developing the dining apps, therefore they prudently estimated a lower projected cash flow that have been incorporated in the 5-year period.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

21. AVAILABLE-FOR-SALE FINANCIAL ASSET

	2015 HK\$'000	2014 HK\$'000
Available-for-sale financial asset comprise:		
Unlisted equity securities in Hong Kong	–	165
Analysed for reporting purposes as:		
Non-current assets	–	165

Available-for-sale financial asset represents unlisted equity securities issued by a private entity incorporated in Hong Kong. The private entity is principally engaged in outdoor advertising in Hong Kong. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair values estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. During the year, full impairment was provided.

For the year ended 31 March 2014, the management has hired an independent professional valuer to help determine the recoverable amount. The recoverable amount has been determined using market based approach. As the recoverable amount was larger than its carrying amount, no impairment was provided.

22. FINANCIAL ASSETS HELD FOR TRADING

	2015 HK\$'000	2014 HK\$'000
Held-for-trading investments include:		
Equity securities listed in Hong Kong	37,180	–

The fair value of the listed equity investment is based on the quoted market bid price available on the Stock Exchange.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

23. INTERESTS IN SUBSIDIARIES

	2015 HK\$'000	2014 HK\$'000
Unlisted investments, at cost	107,848	107,848
Less: Impairment loss recognised (<i>Note (i)</i>)	(107,848)	(107,848)
	–	–
Amounts due from subsidiaries	775,146	531,441
Less: Impairment loss recognised (<i>Note (iv)</i>)	(527,117)	(103,550)
	248,029	427,891

Notes:

- (i) The carrying amounts of cost of investments are reduced to their recoverable amounts which are determined by reference to the value in use.
- (ii) Amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.
- (iii) Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.
- (iv) The amounts due from subsidiaries are non-trade nature, unsecured, interest free and no fixed term of repayment. Due to the prolonged poor financial performance of the subsidiaries, the carrying amounts of amounts due from subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

23. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ registration and operations	Nominal value of used and fully paid-up share/ registered capital	Percentage of equity interests and voting power attributable to the Company		Principal activities
			Direct	Indirect	
Beast Media Limited	Hong Kong	HK\$1,000, 1,000 ordinary shares of HK\$1 each	–	100%	Investment holding
Capital Marks Limited	British Virgin Islands	US\$1,000, 1,000 ordinary shares of US\$1 each	–	100%	Investment holding
Cotak Enterprises Limited	Hong Kong	HK\$2, 2 ordinary shares of HK\$1 each	–	100%	General investment
FingerAd Media Company Limited	Hong Kong	HK\$1, 1 ordinary share of HK\$1 each	–	100%	Food and beverages industry advertising business and movie production
Huge Leader Development Limited	British Virgin Islands	US\$256,410, 256,410 ordinary shares of US\$1 each	–	100%	Investment holding
Guangzhou Tracks Company Limited	PRC	HK\$150,000	–	100%	Consultation on advertising services
Power Pond Limited	Hong Kong	HK\$2, 2 ordinary shares of HK\$1 each	–	100%	Property investment
Prospect Vantage Investment Limited	British Virgin Islands	US\$100, 100 ordinary shares of US\$1 each	100%	–	Investment holding
Shing Tak Construction Company Limited	Hong Kong	HK\$10,000,000, 10,000,000 ordinary shares of HK\$1 each	–	100%	Investment holding
Wing Hong (China) Limited	Hong Kong	HK\$100, 100 ordinary shares of HK\$1 each	–	100%	Investment holding
Wing Hong (Macau) Limited	Macau	MOP100,000, 100,000 ordinary shares of MOP1 each	–	100%	Investment holding
Wing Hong Investment Limited	British Virgin Islands	US\$1,000, 1,000 ordinary shares of US\$1 each	100%	–	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

24. ACCOUNTS RECEIVABLE

	2015	2014
	HK\$'000	HK\$'000
Within 30 days	14,975	150
31–90 days	1,050	–
91–180 days	500	240
181–365 days	–	1,299
Over 365 days	229	–
	16,754	1,689
Less: Impairment loss in respect of accounts receivable	(229)	(229)
	16,525	1,460

The Group allows an average credit period of 180 days for advertising customers. The movements in impairment loss in respect of accounts receivable were as follows:

	2015	2014
	HK\$'000	HK\$'000
At the beginning of year	229	–
Impairment losses recognised on receivables	–	229
At the end of year	229	229

Accounts receivable above included amounts which are past due but not impaired because there has not been a significant change in credit quality and the amounts are still considered recoverable. The aged analysis of the Group's accounts receivable balances which are past due but not impaired is presented as follows:

	2015	2014
	HK\$'000	HK\$'000
Over 180 days	–	1,070

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For the year ended 31 March 2015

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		The Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Prepayments	488	319	476	267
Deposits	–	465	–	442
Other receivables	37	235	–	–
Tax recoverable	278	–	278	–
	803	1,019	754	709

For the year ended 31 March 2015, impairment of other receivables of approximately HK\$550,000 (2014: HK\$10,436,000) has been included in the consolidated statement of profit or loss and other comprehensive income. The debtors are either lost of contact or in financial difficulties of which the directors are of the opinion that the outstanding balances were not recoverable.

26. CASH AND CASH EQUIVALENTS

At 31 March 2015, cash and cash equivalents of the Group included currencies denominated in RMB amounted to approximately HK\$4,000 (2014: approximately HK\$4,000) which is not freely convertible into other currencies.

27. ACCOUNTS PAYABLE

An aged analysis of the accounts payable as at the end of the reporting period, is as follows:

	2015	2014
	HK\$'000	HK\$'000
181–365 days	700	35
Over 365 days	35	–
	735	35

As at 31 March 2015 and 2014, no retentions payables are included in accounts payable under current liabilities.

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For the year ended 31 March 2015

28. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other payables	1,589	10,620	79	23
Accruals	14,221	2,482	2,059	1,997
Deposit received	–	1,500	–	–
	15,810	14,602	2,138	2,020

29. OTHER LOAN

At 31 March 2014, other loan amounted to approximately HK\$20,727,000 is a result from the assignment of loan from Rich Place Investment Limited which amounted to approximately HK\$40,722,000 as at 31 March 2013, to Marco Benefit Limited.

Rich Place Investment Limited was held by RBTT Trust Co-operation ("RBTT"), a company acting in its capacity as the trustee of the Wing Hong Trust; the Wing Hong Trust is a discretionary trust whose beneficiaries are the family members of the former director. Marco Benefit is a Company controlled by the aforesaid former director who, at the same time, beneficiary owns Rich Place through his family members and its Trusts which were RBTT Trust Cooperation and Wing Hong Trust. As at 31 March 2014, the former director ceased to act as a capacity of director of the Company.

During the year ended 31 March 2015, it was fully repaid.

30. PROMISSORY NOTES

The Group

During the year ended 31 March 2015, pursuant to a letter dated 2 June 2014, Win Today, agreed to further extend the maturity date of its promissory note receivable ("Note #1") from 12 August 2014 to 30 September 2015 (the "New Maturity Date #1") and undertake not to request repayment of any amounts accruing to Win Today from Note #1 until the New Maturity Date #1. The modification of the terms of Note #1 was accounted for as an extinguishment of the original Note #1 and the recognition of new Note #1. The carrying amount of the original Note #1 was derecognised and the fair value of the new Note #1 was determined by an independent valuer and recognised on 2 June 2014. The difference between the carrying amount and the fair value was recognised in profit and loss as gain on early extinguishment of promissory notes. In subsequent periods, the effective interest rate of the principal of the Note #1 is 13.63% per annum.

During the year ended 31 March 2015, the Group has repaid principal amount of Note #1 amounting to approximately HK\$10,000,000 to Win Today.

For the year ended 31 March 2015, the imputed interest expense generated from the Note #1 amounted to approximately HK\$1,545,000 (2014: HK\$1,900,000).

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For the year ended 31 March 2015

30. PROMISSORY NOTES (Continued)

The Group (Continued)

During the year ended 31 March 2015, pursuant to a letter dated 2 June 2014, Huge Leader Holdings Limited, a shareholder and owns significant influences of the Group, agreed to further extend the maturity date of its promissory note receivable ("Note #2") from 31 March 2015 to 30 September 2015 (the "New Maturity Date #2") and undertake not to request repayment of any amounts accruing to Huge Leader Holdings Limited from Note #2 until the New Maturity Date #2. The modification of the terms of Note #2 was accounted for as an extinguishment of the original Note #2 and the recognition of new Note #2. The carrying amount of the original Note #2 was derecognised and the fair value of the new Note #2 was determined by an independent valuer and recognised on 2 June 2014. The difference between the carrying amount and the fair value was recognised in profit and loss as gain on early extinguishment of promissory notes. In subsequent periods, the effective interest rate of the principal of the Note #2 is 13.74% per annum.

During the year ended 31 March 2015, the Group has repaid principal amount of Note #2 amounting to approximately HK\$150,000,000 to Huge Leader Holdings Limited.

For the year ended 31 March 2015, the imputed interest expense generated from the Note#2 amounted to approximately HK\$15,304,000 (2014: HK\$23,038,000).

The Group

	2015 HK\$'000	2014 HK\$'000
At 1 April	193,779	173,158
Interest charged at effective interest rate	16,849	24,938
Interest payables	(2,563)	(4,317)
Early redemption	(160,000)	–
Net fair value losses on early redemption	18,078	–
Gain on extinguishment of promissory notes	(22,266)	–
At 31 March	43,877	193,779
Classified as current liabilities	(43,877)	–
Non-current liabilities	–	193,779

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

31. DEFERRED TAXATION

The movements in deferred tax assets/(liabilities) during the year are as follows:

	Accelerated tax depreciation HK\$'000	Financial assets held for trading HK\$'000	Tax losses HK\$'000	Total HK\$'000
As 1 April 2013, 31 March 2014 and 1 April 2014	–	–	–	–
Credit/(Charge) to profit or loss	(17)	(3,774)	670	(3,121)
At 31 March 2015	(17)	(3,774)	670	(3,121)

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 the deferred tax balances for financial reporting purposes:

	2015 HK\$'000	2014 HK\$'000
Deferred tax assets	–	–
Deferred tax liabilities	(3,121)	–
	(3,121)	–

At the end of the reporting period, the Group has unused tax losses arising in Hong Kong and PRC of approximately HK\$14,711,000 (2014: HK\$16,591,000). Tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Tax losses arising in PRC may be carried forward for a maximum for five years. Deferred tax assets had not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time, or it is not probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

32. ORDINARY SHARE CAPITAL

	Notes	Number of shares '000	Nominal value of shares HK\$'000
Authorised:			
Ordinary shares of HK\$0.01 each At 1 April 2013, 31 March 2014, 1 April 2014 and 31 March 2015		10,000,000	100,000
Issued and fully paid:			
Ordinary shares of HK\$0.01 each At 1 April 2013		3,123,830	31,238
Issue of shares pursuant to the placing	(a)	88,200	882
Issue of shares pursuant to the conversion of convertible preference shares	(b)	2,066,000	20,660
At 31 March 2014 and at 1 April 2014		5,278,030	52,780
Issue of shares pursuant to the placing	(c)	709,000	7,090
Issue of shares pursuant to the conversion of convertible preference shares	(d)	3,674,000	36,740
Issue of shares pursuant to the exercise of share options	(e)	153,380	1,534
At 31 March 2015		9,814,410	98,144

Notes:

- (a) On 7 June 2013, 88,200,000 shares of HK\$0.01 each were issued by way of placing at a price of HK\$0.34 per shares each for consideration of HK\$29,988,000. The excess of the placing price over the par value of the shares issued was credited to the share premium amount. The shares issued during the year rank *pari passu* with the existing shares in all respects.
- (b) During the year ended 31 March 2014, 2,066,000,000 ordinary shares of HK\$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK\$0.07 per share.
- (c) On 7 August 2014, 709,000,000 shares of HK\$0.01 each were issued by the way of placing at a price of HK\$0.30 per share each for consideration of HK\$212,700,000. The excess of the placing price over the par value of the shares issued was credited to the share premium account. The shares issued during the year rank *pari passu* with the existing shares in all respects.
- (d) During the year ended 31 March 2015, 3,674,000,000 ordinary shares of HK\$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK\$0.07 per share. The shares issued during the year rank *pari passu* with the existing shares in all respects.
- (e) On 6 September 2014, a total of 153,380,000 share option was exercised at an exercise price of HK\$0.375 per share, and a total of 153,380,000 shares was issued with aggregated nominal value of HK\$1,533,800.

Share options

Details of the Company's share option schemes are included in Note 34 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

33. NON-VOTING CONVERTIBLE PREFERENCE SHARES

	Notes	Number of shares '000	Nominal value of shares HK\$'000
Authorised:			
Non-voting convertible preference shares of HK\$0.07 each			
At 1 April 2013, at 31 March 2014, at 1 April 2014 and at 31 March 2015		7,000,000	490,000
Issued and fully paid:			
Non-voting convertible preference shares of HK\$0.07 each			
At 1 April 2013		5,740,000	401,800
Conversion of convertible preference shares		(2,066,000)	(144,620)
At 31 March 2014 and at 1 April 2014		3,674,000	257,180
Conversion of convertible preference shares		(3,674,000)	(257,180)
At 31 March 2015		-	-

Notes:

- (a) During the year ended 31 March 2014, 2,066,000,000 ordinary shares of HK\$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK\$0.07 per share.
- (b) During the year ended 31 March 2015, 3,674,000,000 ordinary shares of HK\$0.01 each were issued upon the conversion of the convertible preference shares at a conversion price of HK\$0.07 per share.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

34. SHARE OPTION SCHEMES

The Company operated a share option scheme which became effective on 6 September 2004 (the "2004 Share Option Scheme") which was refreshed on 29 August 2008 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group.

For the year ended 31 March 2015, the Group has granted 153,383,000 share options to certain director, employees and consultants of the Group under the 2004 Share Option Scheme. The 2004 Share Option Scheme expired on 6 September 2014.

A new share option scheme (the "2014 Share Option Scheme") of the Company was adopted and approved by the Company at the annual general meeting of the Company held on 29 August 2014 which became effective on 29 August 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at 29 August 2014. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in 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 on the date of offer and with an aggregate value (based on the closing price of the Company's shares at the date of the offer) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and, commences after a certain period and, ends on a date which is not later than 10 years from the date of grant.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day; (ii) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

At the date of approval of these financial statements, the total number of shares available for issue under the Scheme is 784,983,000 shares representing 10% of the total issued ordinary share capital of the Company on 29 August 2014.

No share option was granted, exercised, cancelled or lapsed under the 2014 Share Option Scheme during the year ended 31 March 2015.

On 24 July 2014, the number of shares in respect of which options had been granted to director, eligible persons and consultants under the 2004 Share Option Scheme was 153,383,000, representing 1.95% of the shares of the Company in issue at that date.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

34. SHARE OPTION SCHEMES (Continued)

The following table summaries the movements in the Company's share options during the year ended 31 March 2015.

2004 Share Option Scheme

	Grant date	At 1 April 2014	Granted during the year	Exercised during the year	Share options lapsed during the year	As at 31 March 2015	Exercise period	Exercise price per share HK\$
Executive director Ms. Shen Lihong	24 July 2014	-	15,338,300	(15,338,000)	(300)	-	24 July 2014 – 6 September 2014	0.375
Other eligible employees	24 July 2014	-	76,691,500	(76,690,000)	(1,500)	-	24 July 2014 – 6 September 2014	0.375
Consultants	24 July 2014	-	61,353,200	(61,352,000)	(1,200)	-	24 July 2014 – 6 September 2014	0.375
		-	153,383,000	(153,380,000)	(3,000)	-		

Employee share option expenses related to the 2004 Share Option Scheme were valued at approximately HK\$11,709,000 (2014: HK\$Nil) and are charged to the consolidated statement of profit or loss. The fair value of the share options granted is measured based on the Black-Scholes option pricing model with the following assumptions:

	24 July 2014
Value per option	0.0763
Price per share at date of grant	\$0.375
Exercise price per share	\$0.375
Annual risk-free interest rate	1.96%
Historical volatility	151.23%
Life of options	0.12 year
Vesting period	-

Historical volatility measures the volatility of the underlying asset over a certain historical period time (the "Past Volatility"). It is assumed that the Past Volatility can be extrapolated directly to the future volatility.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had no share options outstanding under the 2004 Share Option Scheme since it was expired on 6 September 2014.

Up to the date of approval of these consolidated financial statements, 153,380,000 share options have been exercised under the 2004 Share Option Scheme.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

35. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

The Company

	Share premium HK\$'000	Share option reserves HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2013	209,088	-	107,648	(396,286)	(79,550)
Placing of new shares	29,106	-	-	-	29,106
Issue of shares pursuant to the conversion of convertible preference shares	123,960	-	-	-	123,960
Loss and total comprehensive loss for the year	-	-	-	(12,026)	(12,026)
At 31 March 2014 and 1 April 2014	362,154	-	107,648	(408,312)	61,490
Issue of shares pursuant to the placing	200,895	-	-	-	200,895
Issue of shares pursuant to the conversion of convertible preference shares	220,440	-	-	-	220,440
Equity-settled share-option arrangement	-	11,709	-	-	11,709
Issue of shares under share option scheme	67,691	(11,709)	-	-	55,982
Loss for the year	-	-	-	(434,599)	(434,599)
At 31 March 2015	851,180	-	107,648	(842,911)	115,917

The Group

The capital reserve of the Company represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group Reorganisation in 2004, over the nominal value of the Company's shares issued in exchange therefor.

Under the Companies Law (2004 revision) of the Cayman Islands, the Company's share premium account and capital reserve may be distributed to the shareholders of the Company, provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

36. DISPOSAL OF SUBSIDIARIES

On 30 September 2013, the Group disposed of its entire equity interests in WH Contractors and WH Interior ("Disposal") which carried out the Group's entire building construction operation and renovation, repairs and maintenance operations respectively.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Prepayments, deposits and other receivables	10
Cash and cash equivalents	108
Accounts payable	(912)
Other payables and accruals	(4,404)
	<hr/>
Net liabilities disposed of	(5,198)
	<hr/>
Gain on disposal of subsidiaries:	
Transaction costs bore by the Group	(120)
Consideration	100
Net liabilities disposal of	5,198
	<hr/>
Gain on disposal	5,178
	<hr/>
Net cash inflow/(outflow) on disposal of subsidiaries:	
Consideration received in cash and cash equivalents	100
Less: cash and cash equivalents disposed of	(108)
	<hr/>
	(8)

37. CONTINGENT LIABILITIES

- (a) On 25 November 2014 and 25 December 2014, a district court civil action had commenced by a third party against the former subsidiary and the Company regarding the outstanding professional services fee amount approximately HK\$769,000 and HK\$137,000 respectively.

As at the date of approval of these consolidated financial statements, no decision has been made in the court proceedings. In the opinion of the directors, the Company has valid defense against the allegation and the legal action would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claim was made in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

37. CONTINGENT LIABILITIES (Continued)

- (b) On 26 June 2015, a High Court action had commenced by a former subsidiary which is currently under the liquidation management against the former directors of the Company and the Company regarding total fund transfer amount approximately HK\$50,600,000. The funds have been transferred from the former subsidiary to the Company on 18 September 2009, 19 February 2010 and 10 March 2010 have been claimed no legitimate commercial purpose or justification.

As at the date of approval of these consolidated financial statements, no decision has been made in the arbitration and court proceedings. In the opinion of the directors, the Company has valid defences, against such claims and any resulting liabilities would not have any probable material adverse impact on the Group's financial position. Therefore, no provision in respect of such claim was made in the consolidated financial statements.

38. OPERATING LEASE COMMITMENTS

The Group leases office premises under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

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

	The Group	
	2015 HK\$'000	2014 HK\$'000
Within one year	–	58
In the second to fifth years inclusive	–	–
	–	58

39. MATERIAL RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year:

	The Group	
	2015 HK\$'000	2014 HK\$'000
Salaries and other short-term employee benefits paid to key management personnel	2,068	471
Finance cost incurred from Note #2	15,304	23,038
Settlement of Note #2	150,000	–
Finance cost incurred from other loan/shareholder's loans	432	1,480
Settlement of other loan/shareholder's loans	21,159	21,875

Notes to the Consolidated Financial Statements

For the year ended 31 March 2015

39. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Outstanding balances with related parties

As disclosed in the Note 30, the Group had an outstanding balance which amounted to approximately HK\$50,000,000 (2014: HK\$200,000,000), due to the Company's shareholder which owns significant influences. The terms of the promissory note has been included in Note 30 to the consolidated financial statements.

As disclosed in the Note 29, the Group had an outstanding balance which amounted to approximately HK\$20,727,000, due to the Company's former director who indirectly held shareholding of the Company as at 31 March 2014. The terms of the other loan has been included in Note 29 to the consolidated financial statements.

40. NON-CASH TRANSACTIONS

During the year ended 31 March 2014, shareholder loan which represents amount due to Rich Place, has been assigned to Marco Benefit Limited and reclassified as other loan which amounted to approximately HK\$20,727,000 as at 31 March 2014.

41. EVENTS AFTER THE REPORTING PERIOD

The Company proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.02 each.

The Company proposes to increase the existing authorised share capital of the Company to HK\$1,000,000,000 divided into 50,000,000,000 Consolidated Shares of HK\$0.02 each by the creation of an additional 45,000,000,000 unissued Consolidated Shares immediately following the Share Consolidation becoming effective.

On 8 June 2015, the Company proposed raise funds by way of an open offer of 4,907,205,000 offer shares at a subscription price of HK\$0.10 per offer share on the basis of one (1) offer share for every one (1) Consolidated Share held on 4 August 2015 (or such other date as the underwriter may agree in writing with the Company) (the "Open Offer"). If the Open Offer is completed, the issued share capital will be raised for approximately HK\$490,700,000. These new shares rank *pari passu* in all respect with Consolidated Shares. Details of the Open Offers have been disclosed in the announcement dated 8 June 2015. The net proceeds to be raised from the Open Offer are estimated to be approximately HK\$479,600,000 which will be used for future investments opportunities of the Group, repayment of existing debts of the Group and general working capital of the Group.

42. COMPARATIVES

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

43. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 June 2015.

Summary of Financial Information

For the year ended 31 March 2015

RESULTS

	Year ended 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Turnover	20,429	2,951	6,677	28,754	47,232
Loss from operations	(140,085)	(163,495)	(70,523)	(44,104)	(26,382)
Finance costs	(17,280)	(26,418)	(17,793)	(1,046)	(258)
Loss before tax	(157,365)	(189,913)	(88,316)	(45,150)	(26,640)
Taxation	(2,629)	(1,814)	–	(329)	–
Loss after tax	(159,994)	(191,727)	(88,316)	(45,479)	(26,640)
Discontinued operations	–	(11,974)	(2,599)	–	–
Loss for the year	(159,994)	(203,701)	(90,915)	(45,479)	(26,640)
Attributable to:					
Owners of the Company	(159,994)	(203,701)	(89,881)	(41,150)	(21,534)
Non-controlling interests	–	–	(1,034)	(4,329)	(5,106)
Loss for the year	(159,994)	(203,701)	(90,915)	(45,479)	(26,640)

ASSETS AND LIABILITIES

	As at 31 March				
	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000
Total assets	365,313	415,458	586,686	725,096	89,634
Total liabilities	(63,543)	(230,957)	(228,104)	(256,501)	(85,483)
Non-controlling interest	–	–	–	(19,882)	(26,082)
Net assets/(liabilities)	301,770	184,501	358,582	448,713	(21,931)