China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)

Annual Report 2015

*For identification purposes only

Contents

This Annual Report, in both English and Chinese versions, is available on the Company's website at www.986.com.hk. Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.

Corporate Information

Executive Directors

Ms. Chen Tong *(Chairman and Chief Executive Officer)*
Mr. Xiang Liang
Ms. Li Lin
Ms. Chan Ching Ho, Kitty (Resigned on 1 April 2015)

Non-executive Directors

Ms. Yao Zhengwei
Mr. Wang Zhenghua

Independent Non-executive Directors

Ms. Zhang Ruisi
Mr. Tse Kwong Chan
Ms. Zhou Jue

Company Secretary

Mr. Leung Chi Wing, Billy

Audit Committee

Ms. Zhang Ruisi *(Chairman)*
Mr. Tse Kwong Chan
Ms. Zhou Jue

Remuneration Committee

Mr. Tse Kwong Chan *(Chairman)*
Mr. Xiang Liang (Appointed on 1 April 2015)
Ms. Zhou Jue
Ms. Chan Ching Ho, Kitty (Resigned on 1 April 2015)

Nomination Committee

Ms. Zhang Ruisi *(Chairman)*
Mr. Xiang Liang (Appointed on 1 April 2015)
Mr. Tse Kwong Chan
Ms. Chan Ching Ho, Kitty (Resigned on 1 April 2015)

Auditor

CCTH CPA Limited
Certified Public Accountants
Unit 5-6, 7/F, Greenfield Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

Legal Advisor

Li, Wong, Lam & W.I. Cheung
22/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 2211, 22/F, Lippo Centre
Tower Two, 89 Queensway
Hong Kong

Principal Bankers

DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Wing Lung Bank Ltd.

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Website

http://www.986.com.hk

Stock Code

986

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the businesses of waste paper, scrap metal and consumable wastes recycling, trading of petrochemical products and online products sales, provision of web maintenance services and marketing services.

The revenue of the Group from continuing operations for the year ended 31 March 2015 was HK$52,710,000, representing a 11.87% decrease as compared with HK$59,808,000 of the previous year. The revenue has included HK$11,245,000 from online products sales, provision of web maintenance services and marketing services (the "Internet Services") business, HK$29,773,000 from wastes recycling business and HK$11,692,000 from trading of petrochemical products. Gross profit from continuing operations was HK$6,383,000 (2014: HK$5,404,000) and gross margin was 12.11% (2014: 9.04%). The increase in gross profit was attributable to the higher profit margin from the Internet Services business. Operating loss from continuing operations after tax of the Group was HK$151,168,000 which included an impairment loss of HK$48,216,000 on goodwill arising from acquisition of recycling business (2014: HK$133,162,000) and impairment loss recognised in respect of other receivables amounting to HK$11,705,000 (2014: HK$46,059,000). The above said impairment loss recognised in respect of other receivables included an amount of HK$11,705,000 (2014: HK$35,515,000) is attributable to a People's Republic of China (the "PRC") individual who has an outstanding amount of RMB42,452,719 due to a subsidiary of the Company, Suzhou Baina Renewable Resources Co., Ltd, as at 31 March 2015 which is secured by the pledge of 13.3% equity interests in Ideal Market Holdings Limited ("Ideal Market"), a subsidiary of the Company, held by a minority shareholder. The above-said party has not repaid the outstanding amount on the repayment date. On 26 June 2015, the Company decided to execute the rights under the mortgage agreement to acquire 13.3% mortgaged shares in Ideal Market. The improved financial results was primarily attributable to the fact that the non-cash substantial loss of HK$1,202,602,000 on change in fair value of financial liabilities designated at fair value through profit or loss caused by the significant increase in the Company's share price as at the date of conversion of convertible notes as compared to the share price as at 1 April 2013 which was recognised for the year ended 31 March 2014 while such loss for the year ended 31 March 2015 was relatively minimal.

Selling, distribution expenses and administrative expenses from continuing operations were HK$31,257,000 (2014: HK$28,957,000). The increase in the expenses was attributable to an increase in the professional fees in the year under review.

Recycling business

Since the Company's acquisition of its recycling business, the revenue of recycling business decreased year by year and fell short of the forecast made at 31 March 2012. This deteriorating performance was attributable to (i) excess production in the paper manufacturing industry; (ii) doldrums of paper manufacturing business due to the slowdown of the PRC national marco economic; and (iii) international protectionism, for example, countervailing and anti-dumping, against the development of recycling paper business in the PRC. The continuous rise in the costs of raw materials, labor and manufacturing overheads has a serious impact on the Group's business performance.

For the year ended 31 March 2015, the Group recognised an impairment loss on goodwill of HK$48,216,000 for the recycling business (the "Impairment Loss"), representing 31.90% of the Group's net loss. Based on the market research conducted by the Company, due to a gradual upward trend in price of imported recycled paper, China's import of recycled paper decreased by 5.9% in 2014 than that in previous year. Imported recycled paper as a proportion of total recycled paper consumption has been declining as well, primarily because of the hike in price of imported recycled paper. The Company forecasted that the demand for recycled paper might not be as robust as expected when compared to valuation as at 31 March 2014. Also, the financial performance of recycling paper business for the year ended 31 March 2015 was not as good as estimated. As a consequence, the valuation assumptions and the cash flow projection have been further adjusted to reflect a more conservative expectation of the Company, leading to the Impairment Loss.

Based on the historical performance and high operating costs of Ideal Market, as well as the Company's experience in the recycling industry, the management of the Company was of the view that the recycling business of Ideal Market would be eliminated by other market players and new entrants. The intense competition would probably decrease the Group's margin and market share in this business, and it is foreseeable that there would be numerous uncertainties regarding the prospect of the business after 20 years. To take a conservative basis for the annual impairment test assessment as at 31 March 2015, the Company assumed that the recycling business of Ideal Market could continue for 20 years in the financial projection, rather than continues perpetually, and believed that such assumption was fair and reasonable. Moreover, due to the significant decrease in actual revenue for the years ended 31 March 2012 to 31 March 2015, financial forecast for the year ending 31 December 2015, as the initial year of the projection, has been adjusted downwards.

The Impairment Loss for the year ended 31 March 2015 is calculated based on the recoverable amount of the cash-generating units of the recycling business undertaken by Ideal Market. The recoverable amount has been determined based on a value used in calculation with reference to the business valuation performed by a valuer which is independent from the Group. That calculation uses cash flow projection based on financial budgets approved by the directors covering a twenty-year period, with growth rates of 20% per annum for the first to second years, 23% per annum for the third to ninth years, 18% per annum for the tenth to fifteenth years, 15% per annum for the sixteenth to eighteenth years and 3% per annum for the remaining two years, and at a post-tax discount rate of 11.26% in considering the economic conditions of the market. The pre-tax discount rate was 13.97%.

The valuation of the recycling business for the year ended 31 March 2015 was conducted by discounted cash flow ("DCF") method, which is the same as that for the years ended 31 March 2012, 31 March 2013 and 31 March 2014. The Company believes that the drop in valuation is caused by, among others, intense competition with new entrants, a decreased demand and consumption of recycled paper, and actual financial performance of the Group.

The revenue of the wastes recycling business for the year ended 31 March 2015 was HK$29,773,000, representing a 50.22% decrease as compared with HK$59,808,000 of the previous year. Gross profit was RMB662,000 equivalent to HK$828,000 (2014: RMB4,262,000 equivalent to HK$5,404,000) and gross margin was 2.78% (2014: 9.04%).

Trading of petrochemical products business

During the year, Suzhou Baina Renewable Resources Co., Ltd, a subsidiary of the Company, has used its existing facilities to explore new line of business of trading of petrochemical products. The revenue of the trading of petrochemical products business for the year ended 31 March 2015 was HK$11,692,000. Gross profit was HK$53,000.

Electric car battery business

On 16 July 2010, the Company entered into an agreement pursuant to which the Company conditionally agreed to acquire 9.9% of the issued share capital of Swift Profit International Limited ("Swift Profit") at a consideration of HK$170,000,000. The principal asset of Swift Profit is the exclusive license in relation to the technology of manufacturing multi-element polymer batteries for electric vehicles. Swift Profit is a company incorporated in the British Virgin Islands with limited liability. Swift Profit directly holds 100% of the equity interest in Well Dragon (China) Limited, a company incorporated in Hong Kong and which in turn holds 100% of the equity interest in 象山佳龍能源科技有限公司, a wholly foreign owned enterprise established under the laws of the PRC and is principally engaged in the business of sub-licensing the patent to other factories for the manufacturing of the multi-element polymer batteries for electric vehicles in the PRC.

The board of directors of the Company (the "Board") used its best endeavor to source new projects with potential to increase the Group's profitability and believed that the business of manufacturing electric vehicles has ample growth opportunities due to (i) limited oil supply but with increasing worldwide demand; and (ii) support from government policy, e.g. US government. In order to capture the growth in the manufacturing of electric vehicles, the Company tried to obtain the technology of the production of battery for electric vehicles.

Under the business model of Swift Profit, 象山佳龍能源科技有限公司 received a royalty fee of 12% from the manufacturer of multi-element polymer batteries namely Zhongsheng Dongli New Energy Investment Limited ("Zhongsheng") on sale of multi-element polymer batteries to the market without bearing any production cost or capital expenditure. Zhongsheng has generated revenue of approximately HK$21 million in the first quarter of 2011. The Board was of the view that the electric car battery business would be developed into a sustainable income source for the Group as at the year ended 31 March 2011.

For the year ended 31 March 2012, due to the change in industry environment and prospect related to electric cars and batteries for electric cars, as well as the increase in costs of operation and there have been negative incidents, which raised consumers' concerns about the quality, safety and potential problems of electric cars and batteries for electric cars, affecting both domestic and global market and demand for electric cars. In March 2012, A123 Systems Inc., an United States-based developer and manufacturer of advanced lithium iron phosphate batteries, discovered a problem in certain prismatic cells at its Livonia facility and announced it would replace the faulty batteries shipped to five customers, including Fisker Automotive. In addition, an e6 battery-electric car produced by China's best-known electric car manufacturer, the Shenzhen-based BYD, was involved in a fatal car fire accident. Despite the BYD's electric car technology has been found to be safe, the incident put consumers on doubts that fire may have been caused by the batteries exploding or the leaking of electrolyte liquid. On the other hand, due to the inflation in China, there has been an increase in costs of raw materials, labor and manufacturing overheads in the production of electric car batteries. All these have negative impacts on the profit margin and affect the performance of the electric car battery business.

Because the market demand continued to be weak and the increasing costs of raw materials, labor and manufacturing overheads, as informed by the management of Zhongsheng, Zhongsheng has temporarily stopped the production of multi-element polymer batteries and been waiting for the improvement of quality, safety and durability of the multi-element polymer batteries by Swift Profit.

The carrying value of the business was reduced by HK$44,888,000 to HK$128,000,000 as at 31 March 2012 by reference to a business valuation as valued by a professional valuer.

For the year ended 31 March 2013, safety on electric cars and batteries for electric cars was still a concern for consumers, the competition in electric car market in China became fiercer, excessive production in the market then pushed the prices of both electric cars and batteries for electric cars down. The Company forecasted that the demand for electric car batteries might not be as robust as expected, such that the growth of the business might be restrained. Moreover, as Swift Profit had not yet been certified as advanced and new technology enterprise, preferential tax rate in China was not obtained. Then carrying value of the business was further reduced by HK$47,616,000 to HK$82,081,000 as at 31 March 2013 by reference to a business valuation as valued by a professional valuer.

Zhongsheng has remained suspension of the production of multi-element polymer batteries. Swift Profit had intended to improve the batteries with high safety battery set design, high insulation-resistant, protection from over recharging, good battery voltage and temperature control, higher battery efficiency and longer life and would launch new products into the market in the fourth quarter of 2013.

Due to delay of the launch of new products into the market by Swift Profit, the carrying value of the business was reduced by HK$16,081,000 to HK$66,000,000 as at 30 September 2013 by reference to a business valuation as valued by a professional valuer.

On 4 June 2014, the Company entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with Lucky East International Limited (the "Purchaser"), pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the sale shares of 9.9% of the entire issued share capital of Swift Profit, at a consideration of HK$66,000,000 which shall be settled by three instalments ("Disposal of Swift Profit"). The first instalment in the sum of HK$3,300,000 was paid within 7 days after the date of signing the Sale and Purchase Agreement; the second instalment in the sum of HK$3,300,000 shall be paid on 30 June 2014; and the third instalment in the sum of HK$59,400,000 shall be paid on the first business day following the fulfillment of the condition or on or before 31 December 2014 (or such other date as the Company and the Purchaser may agree in writing).

Given an intense competition in the industry environment and a less robust demand related to electric cars and batteries, the unsatisfactory performance of Swift Profit and continuing loss making by Swift Profit, the directors believe that it is in the interest of the Company as a whole to re-allocate the management and the Group's financial resources to strengthen the remaining businesses after the completion of the Disposal of Swift Profit.

The Board intends to apply the net proceeds from the Disposal of Swift Profit of approximately HK$65.9 million for the repayment of debts owed by the Company, working capital of the remaining Group and/or for financing future investment opportunities.

On 29 January 2015, the Company has entered into a supplemental agreement with the Purchaser to amend certain terms of the Sale and Purchase Agreement including the postponement of completion date to 31 March 2015 and vary of payment terms.

The Company has received a notice dated 19 March 2015 from the Purchaser requesting to postpone the completion date to 30 September 2015. The Purchaser has informed the Company that such postponement is to cope with the internal operation issue which involved the possible change of their management team. In addition, the Purchaser agreed to pay the interest for the outstanding consideration for the extension period requested, i.e. 1 April to 30 September 2015, at the interest rate of 5% per annum. Having considered the circumstances, the directors have agreed to the postponement request. Therefore, on 27 March 2015, the Company has entered into the second supplemental agreement with the Purchaser to further extend the completion date to 30 September 2015 and amend the payment terms. As at the date of this annual report, the Company has received the first, second, third, fourth and fifth instalments of the consideration in the total sum of HK$43,300,000.

Acquisitions

On 20 January 2014, the Company entered into a sale and purchase agreement with Fortune Glow Limited pursuant to which the Company has conditionally agreed to acquire and Fortune Glow Limited has conditionally agreed to dispose of the sales shares, representing 10% equity interest in Pure Power Holdings Limited ("Pure Power") which is principally engaged in the exploration and exploitation of natural resources in the United States of America, for a consideration of HK$125,000,000, which was settled as to HK$123,200,000 by way of delivery of the promissory notes and as to HK$1,800,000 by way of delivery of the convertible bonds. The acquisition was completed on 29 April 2014. As advised by the management of Pure Power, they are going to start a drilling program in August 2015. As at 31 March 2015, as a result of the recent decline in market price of crude oil, the Group's investment in Pure Power was impaired because the recoverable amount of the investment is estimated to be below its cost of investment. Impairment loss of HK$11,208,000 on this investment was recognised in profit or loss. The recoverable amount of the investment is calculated on the value in use basis with reference to the valuation conducted by an independent professional valuer. The impairment loss was attributable to the drop in crude oil price during the second half of the year under review.

On 12 May 2014, the Company and Main Global Group Limited entered into an agreement pursuant to which Main Global Group Limited has conditionally agreed to sell and the Company has conditionally agreed to acquire the sale shares, representing 9.9% equity interest in Starfame Investments Limited which is an investment holding company and indirectly wholly owned 北京吉仁弘暉商貿有限公司 (the "Beijing company") which is principally engaged in wholesale and distribution of products encompassing various aspects of production and livelihood, for a consideration of HK$30,000,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 20 May 2014. As informed by the management of the Beijing company, the company's audited turnover for the year 2014 was RMB295,999,000 and operating profit after tax was RMB24,301,000.

On 18 September 2014, the Company and Ms. Chow Yan Ping entered into an agreement pursuant to which Ms. Chow Yan Ping has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire equity interest in Asian Champion Limited which through its subsidiary, HKOMall Limited, is principally engaged in the business of online products sales, provision of web maintenance services and marketing services, for a consideration of HK$58,000,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 6 October 2014. Following the completion of the said acquisition, Asian Champion Limited and HKOMall Limited have become the subsidiaries of the Company and the Company is interested in 90% issued share capital of HKOMall Limited. Since the acquisition, the revenue and the operating profit before tax generated from such subsidiaries were HK$10.82 million and HK$4.8 million respectively. The gross profit was HK$5.11 million.

On 21 January 2015, the Company and Mr. Lu Qinglu entered into an agreement pursuant to which Mr. Lu Qinglu has conditionally agreed to sell and the Company has conditionally agreed to acquire the entire equity interest in Platinum Plus International Limited which through its wholly owned subsidiary, 麗哲貿易（上海）有限公司 (Ritz Trading (Shanghai) Company Limited*), is principally engaged in the business of online products sales, provision of marketing, web design and maintenance services in the PRC, for a consideration of HK$63,750,000, which was settled by way of the issue of the promissory note. The acquisition was completed on 30 January 2015. Following the completion of the said acquisition, Platinum Plus International Limited and Ritz Trading (Shanghai) Company Limited* have become the wholly owned subsidiaries of the Company. Since the acquisition, the revenue and the operating profit before tax generated from such subsidiaries were HK$0.42 million and HK$0.16 million respectively.

In March 2015, the Group adopted a diversified investment strategy including investing in quality stock and other financial products with a view to achieve better shareholders' return. As at 31 March 2015, the Group held 12,670,000 shares of Jicheng Umbrella Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"); stock code: 1027) at purchase cost of HK$13,938,000 and 63,000,000 shares of WLS Holdings Limited (a company listed on the Growth Enterprise Market of the Stock Exchange; stock code: 8021) at purchase cost of HK$18,900,000 for long term investment.

Outlook

In view of the deteriorating performance of the remaining businesses of the Group, the Group has been exploring and pondering ways to strengthen the source of income and improve the financial position including but not limited to possible acquisitions.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group's total restricted bank deposits, cash and bank balances and cash deposits held by securities brokers amounted to HK$256,781,000 (2014: HK$22,370,000). Total bank and other borrowings, unconvertible bond, financial liabilities designated at fair value through profit or loss and promissory notes payable amounted to HK$247,891,000 as at 31 March 2015 (2014: HK$101,029,000). The Group's gearing ratio, which is net debt divided by total shareholders' equity plus net debt, decreased from 0.49 as at 31 March 2014 to 0.06 as at 31 March 2015. Net debt included bank and other borrowings, trade and bills payable, other payables and accruals, promissory notes payable, unconvertible bonds and financial liabilities designated at fair value through profit or loss less restricted bank deposits, cash and bank balances and cash deposits held by securities brokers. As at 31 March 2015, the Group had a current ratio of 1.11 (2014: 0.28) and net current assets of HK$34,230,000 (2014: net current liabilities of HK$124,058,000).

As at 31 March 2015, the outstanding amount due from the Company in form of promissory notes with principal amount was HK$191,950,000 (2014: HK$5,000,000). During the year, an aggregate principal amount of HK$274,950,000 of the promissory notes had been issued for the acquisitions.

As at 31 March 2015, the Company has an outstanding redeemable convertible notes with principal amount of HK$1,800,000 due in April 2015 (2014: Nil).

CAPITAL STRUCTURE

On 27 May 2014, the Company entered into a placing agreement with a placing agent, Tanrich Securities Company Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 180,000,000 new shares in the Company at the price of HK$0.107 per share, representing a discount of approximately 18.32% to the closing price of HK$0.131 per share quoted on the Stock Exchange on 27 May 2014, being the date of the placing agreement. The placing was completed on 3 June 2014 and the Company issued 180,000,000 new shares for net proceeds of approximately HK$18,730,000. The net proceeds of HK$12 million was used for repayment of interest expenses due by the Company, HK$1.5 million was used for the loan facility arrangement fee and the balance of HK$5.23 million was used for working capital of the Group.

On 19 June 2014, the Company entered into a loan agreement with an independent third party, under which a loan facility of HK$200,000,000 was granted to the Company. The loan is unsecured, carries interest at 20% per annum and is repayable on the business day falling on twelve months from the date of the first drawdown of any amount of the loan. As at the date of this annual report, the Company has not drawn the above-said loan.

On 20 August 2014, the Company proposed the consolidation of every twenty (20) issued and unissued ordinary shares of par value of HK$0.0005 each in the share capital of the Company into one (1) ordinary share of par value of HK$0.01 each in the share capital of the Company. The share consolidation became effective on 3 October 2014.

On 12 November 2014 and 27 November 2014, the Company entered into a placing agreement (and a supplemental placing agreement) with a placing agent, Win Fung Securities Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 48,190,489 new shares in the Company at the price of HK$0.66 per share under the then general mandate granted to the directors. The price of HK$0.66 per share represents a discount of 17.5% to the closing price of HK$0.8 per share as quoted on the Stock Exchange on 27 November 2014, being the date of the supplemental placing agreement. The placing was completed on 3 December 2014 and the Company issued 48,190,489 new shares for net proceeds of approximately HK$31.28 million. The net proceeds of HK$20 million was used for repayment of short term debts and accrued interests partially, HK$1.2 million was used for the payment of relevant professional expenses under the rights issue implemented by the Company in January 2015 and share placing, HK$4 million has been utilised for acquisition of non-current assets and the balance of HK$6.08 million shall be utilised as working capital of the Group.

In January 2015, the Company had implemented a rights issue of the new shares of the Company at the subscription price of HK$0.195 per rights share on the basis of eight (8) rights shares for every one (1) share held. The rights issue became unconditional on 15 January 2015 and 2,313,143,472 new shares of HK$0.01 each were issued by the Company pursuant to the terms of the rights issue, giving rise to net proceeds of approximately HK$444.24 million. The net proceeds of HK$74.19 million was used for repayment of short term debts owned by the Company and accrued interests, HK$223 million was used for repayment of promissory notes and convertible bonds, HK$135.20 million was used for acquisition of listed securities in Hong Kong and HK$11.85 million was held at the bank.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, with revenues and expenditures denominated in Renminbi. During the year, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

EVENTS AFTER REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

(a) In April and May 2015, the Group acquired 14,400,000 shares in iONE Holdings Limited, 51,000,000 shares in Suncorp Technologies Limited, 69,384,000 shares in L & A International Holdings Limited and 44,040,000 shares in GreaterChina Professional Services Limited, for total consideration of HK$10,003,800, HK$61,440,000, HK$112,716,080 and HK$23,863,200 respectively. The shares acquired above are listed on the Stock Exchange.

(b) In April 2015, the Company entered into a placing agreement with a placing agent, Southwest Securities (HK) Brokerage Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 520,000,000 new shares of the Company at the placing price of HK$0.245 per share, representing a discount of approximately 18.33% to the closing price of HK$0.3000 per share as quoted on the Stock Exchange on 20 April 2015, being the date of the agreement. The placing was completed in May 2015 and the Company issued 520,000,000 new shares at the placing price of HK$0.245 per share, giving rise to gross proceeds of HK$127,400,000 (before expenses).

CONTINGENT LIABILITIES

Except as discussed under the section headed "Litigation", the Group did not have any material contingent liabilities as at 31 March 2015 and 31 March 2014.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2015.

Except for the acquisition of 10% equity interest in Pure Power and motor vessel amounted to HK$125,000,000 and HK$4,000,000 respectively, the Group had no material capital commitments authorised but not provided for as at 31 March 2014.

PLEDGE OF ASSETS

As at 31 March 2015 and 31 March 2014, the Group's deposits amounted to HK$5,877,000 and HK$11,767,000 were placed with a bank in the PRC to secure bills issued and payable by the Group. In addition, as at 31 March 2014, the 80% equity interest in a subsidiary, Ideal Market, held by the Company was pledged to secure a loan of HK$68,000,000 granted to the Group.

LITIGATION

The Company announced that a writ of summons (the "Writ") was issued in the Court of First Instance of the High Court of Hong Kong by First Federal Capital Limited ("FDCL") against the Company and it was served on the Company by FDCL's legal adviser on 8 July 2013. In the statement of claim under the Writ, FDCL claims as the holder in due course or, alternatively, the holder for value of a promissory note with principal amount of HK$5,000,000 issued by the Company (the "Promissory Note") and claims for the principal amount of HK$5,000,000 under the Promissory Note, together with interest and costs.

The Promissory Note was issued by the Company to All Prosper Group Limited (the "Note Holder") and was due on 31 January 2013. The Company has been in negotiation with the Note Holder for extension of the maturity date for the Promissory Note but as there has been dispute between the Note Holder with FDCL on the ownership of the Promissory Note, the negotiation for extension is pending. FDCL has through its legal adviser requested the Company to register a transfer of the Promissory Note from the Note Holder to FDCL but has not delivered all necessary documents as requested by the Company and as required under the terms and conditions of the Promissory Note. The Company considered that the registration of the transfer of the Promissory Note shall only be made upon strict compliance with the terms and conditions of the Promissory Note for the interest of the Company. The Company has made enquiry to the Note Holder on the transfer of the Promissory Note to FDCL and was informed that the Note Holder has all along been the registered holder of the Promissory Note and has not effected any transfer of the Promissory Note. The Company has instructed legal adviser to contest the claim and to handle all other legal issues arising with FDCL in connection with the dispute. The parties may attempt to settle the dispute through alternative dispute resolution, if possible.

The Company will keep the shareholders of the Company and potential investors informed of any further material developments in connection with the above action by way of further announcement(s) as and when appropriate.

DIVIDEND

No dividend for the year ended 31 March 2015 (2014: Nil) is recommended by the Board.

EMPLOYMENT, TRAINING AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had approximately 41 employees as at 31 March 2015 (2014: 35). Remunerations are commensurate with the nature of job, staff experience and market conditions.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Ms. Chen Tong
Chairman

Hong Kong, 29 June 2015

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

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

In the opinion of the Board, during the year ended 31 March 2015, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1 and A.4.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

A. THE BOARD (continued)

A1. Responsibilities and Delegation (continued)

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

A2. Board Composition

The Board comprised the following directors as at 31 March 2015:

Executive directors:

Ms. Chen Tong *(Chairman of the Board, Chief Executive Officer and Chairman of the Executive Committee)*
Ms. Chan Ching Ho, Kitty *(Member of the Executive Committee, the Remuneration Committee and the Nomination Committee)*
Mr. Xiang Liang *(Member of the Executive Committee)*
Ms. Li Lin *(Member of the Executive Committee)*

Non-executive directors:

Ms. Yao Zhengwei
Mr. Wang Zhenghua

Independent non-executive directors:

Ms. Zhang Ruisi *(Chairman of both the Audit Committee and the Nomination Committee)*
Mr. Tse Kwong Chan *(Chairman of the Remuneration Committee, Member of both the Audit Committee and the Nomination Committee)*
Ms. Zhou Jue (Member of both the Audit Committee and the Remuneration Committee)

Throughout the year ended 31 March 2015, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

A. THE BOARD (continued)

A2. Board Composition (continued)

Subsequent to the year ended 31 March 2015, Ms. Chan Ching Ho, Kitty has resigned as an executive director and a member of the Executive Committee, the Remuneration Committee and the Nomination Committee of the Company, and Mr. Xiang Liang, the Company's executive director, has been appointed as a member of both the Remuneration Committee and the Nomination Committee of the Company with effect from 1 April 2015.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experiences and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed "Brief Biographical Details in respect of Directors" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A. THE BOARD (continued)

A3. Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

Ms. Chen Tong ("Ms. Chen") currently holds the positions of Chairman and Chief Executive Officer of the Company. Ms. Chen has extensive experience in management and over 30 years' business experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive in the same person will not impair the balance of power and authority between the Board and the management of the Company. All directors are experienced businessmen or professionals and they meet regularly to review the Group's performance. For decisions which may have significant effect on the Group's business, attendance of all directors in a Board meeting is secured as far as possible. The Board shall review this structure from time to time to ensure appropriate and timely action is taken to meet changing circumstances.

A4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Ms. Zhang Ruisi, an independent non-executive director of the Company, is engaged for a term of 1 year, which is automatically renewable for successive term of one year upon the expiry of the then current term; whereas the other non-executive directors of the Company, namely Ms. Yao Zhengwei, Mr. Wang Zhenghua, Mr. Tse Kwong Chan and Ms. Zhou Jue, are not appointed for a specific term. However, all of the Company's non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

A. THE BOARD (continued)

A4. Appointment and Re-election of Directors (continued)

At the forthcoming annual general meeting of the Company (the "2015 AGM"), Ms. Li Lin, Mr. Xiang Liang, Mr. Wang Zhenghua and Ms. Yao Zhengwei shall retire. All of the above 4 retiring directors, being eligible, will offer themselves for re-election at the 2015 AGM. The Board and the Nomination Committee recommended the re-appointment of these retiring directors standing for re-election at the 2015 AGM. The Company's circular, sent together with this annual report, contains detailed information of these directors pursuant to the requirements of the Listing Rules.

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant legal and regulatory requirements.

The existing directors are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 March 2015, the directors have participated training as follows:

- All directors (being Ms. Chen Tong, Mr. Xiang Liang, Ms. Li Lin, Ms. Yao Zhengwei, Mr. Wang Zhenghua, Ms. Zhang Ruisi, Mr. Tse Kwong Chan, Ms. Zhou Jue, Ms. Chan Ching Ho, Kitty and Mr. Ong King Keung) received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance matters.

- Mr. Wang Zhenghua attended seminars, which are relevant to his duties and responsibilities, organized by professional firms/institutions.

- Ms. Chen Tong, Mr. Xiang Liang, Ms. Li Lin, Ms. Yao Zhengwei, Mr. Wang Zhenghua, Ms. Zhang Ruisi, Mr. Tse Kwong Chan and Ms. Zhou Jue studied publications, books and other reading materials in relation to financial reporting, investment, business management or corporate management.

A. THE BOARD (continued)

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2015 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
Executive directors:						
Ms. Chen Tong	17/17	N/A	N/A	N/A	1/1	1/3
Mr. Xiang Liang	15/17	N/A	N/A	N/A	0/1	0/3
Ms. Li Lin	11/17	N/A	N/A	N/A	0/1	0/3
Ms. Chan Ching Ho, Kitty (Note 1)	16/17	N/A	2/2	2/2	1/1	3/3
Non-executive directors:						
Ms. Yao Zhengwei	10/17	N/A	N/A	N/A	0/1	0/3
Mr. Wang Zhenghua	10/17	N/A	N/A	N/A	0/1	0/3
Independent non-executive directors:						
Ms. Zhang Ruisi (Note 2)	7/8	1/1	N/A	0/0	0/0	0/3
Mr. Tse Kwong Chan	10/17	2/2	2/2	2/2	0/1	0/3
Ms. Zhou Jue	9/17	0/2	0/2	N/A	0/1	0/3
Mr. Ong King Keung (Note 3)	1/8	1/1	N/A	1/1	0/1	0/0

Notes:

1. Subsequent to the year ended 31 March 2015, Ms. Chan Ching Ho, Kitty resigned as an executive director and a member of both the Nomination Committee and Remuneration Committee of the Company on 1 April 2015.

2. Ms. Zhang Ruisi was appointed as an independent non-executive director and the Chairman of both the Audit Committee and Nomination Committee of the Company on 1 September 2014. After her appointment, 8 Board meetings, 1 Audit Committee meeting, 3 special general meetings, no Nomination Committee meeting and no annual general meeting were held during the year ended 31 March 2015.

3. Mr. Ong King Keung resigned as an independent non-executive director and the Chairman of both the Audit Committee and Nomination Committee of the Company on 1 September 2014. Before his resignation, 8 Board meetings, 1 Audit Committee meeting, 1 Nomination Committee meeting, 1 annual general meeting and no special general meeting were held during the year ended 31 March 2015.

In addition, the Chairman of the Board also held a meeting with the non-executive directors without the presence of executive directors during the year under review.

A. THE BOARD (continued)

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code"). Each director has been given a copy of the Own Code. Having made specific enquiry of all the Company's directors, they have complied with the required standard set out in the Own Code throughout the year ended 31 March 2015.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of directors and management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

A9. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

B1. Executive Committee

The Executive Committee comprises all the executive directors of the Company with the Chairman of the Board, Ms. Chen Tong, acting as the chairman of such Committee. Subsequent to the year ended 31 March 2015, Ms. Chan Ching Ho, Kitty resigned as an executive director and a member of the Executive Committee on 1 April 2015. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

During the year ended 31 March 2015, the Remuneration Committee comprised a total of three members, being Ms. Chan Ching Ho, Kitty, the Company's executive director, Mr. Tse Kwong Chan and Ms. Zhou Jue, the Company's independent non-executive directors.

Subsequent to the year ended 31 March 2015, Ms. Chan Ching Ho, Kitty resigned as an executive director and a member of the Remuneration Committee and Mr. Xiang Liang, the Company's executive director, was appointed as a member of the Remuneration Committee on 1 April 2015.

The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

B. BOARD COMMITTEES (continued)

B2. Remuneration Committee (continued)

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has held 2 meetings and performed the following major works: reviewed the remuneration policy and structure of the Group and made recommendation to the Board; reviewed the remuneration packages of the directors and management; and considered and made recommendation to the Board on the remuneration of Ms. Zhang Ruisi upon her appointment as the Company's independent non-executive director.

The attendance records of each Committee member at the Remuneration Committee meetings held during the year ended 31 March 2015 are set out in section A6 above.

The senior management of the Company are the directors of the Company. Details of the remuneration of each director of the Company for the year ended 31 March 2015 are set out in Note 11 to the consolidated financial statements contained in this annual report.

B. BOARD COMMITTEES (continued)

B3. Audit Committee

On 1 September 2014, Mr. Ong King Keung resigned and Ms. Zhang Ruisi was appointed as an independent non-executive director and the chairman of the Audit Committee. At other times during the year ended 31 March 2015, the other members of the Audit Committee were two independent non-executive directors, namely Mr. Tse Kwong Chan and Ms. Zhou Jue. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditors and making the relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has held 2 meetings and performed the following major works:

– Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2014, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor.

– Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2014, the related accounting principles and practices adopted by the Group.

– Made recommendation to the Board on the re-appointment of the external auditor.

– Reviewed and discussed the internal control matters of the Group, and made recommendation to the Board.

B. BOARD COMMITTEES (continued)

B3. Audit Committee (continued)

The attendance records of each Committee member at the Audit Committee meetings held during the year ended 31 March 2015 are set out in section A6 above.

The external auditor attended the above meetings to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B4. Nomination Committee

On 1 September 2014, Mr. Ong King Keung resigned and Ms. Zhang Ruisi was appointed as an independent non-executive director and the chairman of the Nomination Committee. At other times during the year ended 31 March 2015, the other members of the Nomination Committee were an executive director, namely Ms. Chan Ching Ho, Kitty, and an independent non-executive director, namely Mr. Tse Kwong Chan.

Subsequent to the year ended 31 March 2015, Ms. Chan Ching Ho, Kitty resigned as an executive director and a member of the Nomination Committee and Mr. Xiang Liang, the Company's executive director, was appointed as a member of the Nomination Committee on 1 April 2015.

The majority of the Nomination Committee members are independent non-executive directors.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive of the Company.

B. BOARD COMMITTEES (continued)

B4. Nomination Committee (continued)

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, integrity, experience, skills, professional knowledge and the amount of time and effort that a candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has held 2 meetings and performed the following major works: (i) reviewed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group; (ii) made recommendation to the Board on the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 28 August 2014 (the "2014 AGM"); (iii) assessed the independence of all the Company's then independent non-executive directors; and (iv) considered and made recommendation to the Board on the appointment of Ms. Zhang Ruisi as the Company's independent non-executive director.

The attendance records of each Committee member at the Nomination Committee meetings held during the year ended 31 March 2015 are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2015.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

D. INTERNAL CONTROLS

The Board is responsible for maintaining an adequate internal control system and for reviewing the effectiveness of such system on an annual basis. The senior management reviews and evaluates the control process, monitors any risk factors on a regular basis and reports on any findings and measures to address the variances and identified risks.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

E. COMPANY SECRETARY

Mr. Leung Chi Wing, Billy is the Company Secretary of the Company. Mr. Leung has taken the required hours of relevant professional training during the year under review.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2015 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CCTH CPA Limited, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2015 are analyzed below:

Type of services provided by the external auditor	Fees paid/payable (HK$)
Audit services – Annual audit for the year ended 31 March 2015	851,000
Non-audit services – Review of calculation of discounted cash flows of acquiree, conversion price regarding convertible notes and proforma financial information	365,000
TOTAL:	1,216,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.986.com.hk, as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 2211, 22/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS (continued)

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meeting to answer any questions raised by shareholders.

H. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

H. SHAREHOLDER RIGHTS (continued)

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

At the 2014 AGM, the shareholders of the Company have approved the amendments to the Bye-laws to enable the Company to send or supply corporate communications within the meaning ascribed to it by the Listing Rules to the shareholders by electronic means pursuant to Rule 2.07A of the Listing Rules.

Save as disclosed above, the Company has not made any changes to the Bye-laws during the year under review. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk) after a shareholders' meeting.

Report of the Directors

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 45 to the consolidated financial statements.

RESULTS

The Group's loss for the year ended 31 March 2015 and the financial position of the Group at that date are set out in the financial statements on pages 40 to 154.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**52,710**	61,658	143,086	178,822	58,818
(Loss)/profit before tax	**(151,560)**	(1,423,229)	(394,598)	9,221	568
Tax	**392**	316	3,367	(330)	(4,012)
(Loss)/profit for the year	**(151,168)**	(1,422,913)	(391,231)	8,891	(3,444)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	**20,253**	19,639	24,246	46,619	18,898
Investment properties	**–**	–	–	10,150	9,380
Prepaid land lease payments	**–**	–	–	1,063	1,052
Goodwill	**260,573**	185,838	319,000	522,849	–
Intangible assets	**27,979**	32,178	36,479	39,728	–
Available-for-sale investments	**274,248**	64,954	82,081	128,000	172,888
Amount due from a minority shareholder	**–**	–	–	13,300	–
Total non-current assets	**583,053**	302,609	461,806	761,709	202,218
Current assets	**354,042**	49,254	93,662	243,345	172,404
Current liabilities	**(319,812)**	(173,312)	(364,266)	(471,660)	(97,432)
Net current assets/(liabilities)	**34,230**	(124,058)	(270,604)	(228,315)	74,972
Total assets less current liabilities	**617,283**	178,551	191,202	533,394	277,190
Unconvertible bonds	**(20,297)**	(20,168)	(20,000)	–	–
Finance lease payables	**–**	–	–	(414)	–
Deferred tax liabilities	**(21,286)**	(8,070)	(9,224)	(11,891)	–
Net assets	**575,700**	150,313	161,978	521,089	277,190

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in Note 17 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in Notes 31 and 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DONATIONS

No donations were made by the Group during the year ended 31 March 2015.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of HK$2,404,726,000 may be distributed in the form of fully paid bonus shares.

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.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales attributable to the Group's five largest customers accounted for more than 61% of the total sales for the year and sales to the largest customer included therein amounted to approximately 31%.

In the year under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 54% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 42%.

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

DIRECTORS

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

Executive directors:

Ms. Chen Tong
Mr. Xiang Liang
Ms. Li Lin
Ms. Chan Ching Ho, Kitty (Resigned on 1 April 2015)

Non-executive directors:

Ms. Yao Zhengwei
Mr. Wang Zhenghua

Independent non-executive directors:

Ms. Zhang Ruisi (Appointed on 1 September 2014)
Mr. Tse Kwong Chan
Ms. Zhou Jue
Mr. Ong King Keung (Resigned on 1 September 2014)

In accordance with the Bye-laws of the Company and the agreement among the Board members, Ms. Li Lin, Mr. Xiang Liang, Ms. Yao Zhengwei and Mr. Wang Zhenghua shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company. The above retiring directors, being eligible, will offer themselves for re-election at the forthcoming annual general meeting of the Company.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS

Executive directors:

Ms. Chen Tong (“Ms. Chen”), aged 51, is the Chairman of the Board, the Chief Executive Officer, the Chairman of the Executive Committee and an executive director of the Company. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor’s degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 11 years experience in the banking industry and is an economist.

Mr. Xiang Liang (“Mr. Xiang”), aged 46, is an executive director and a member of the Executive Committee of the Company. He joined the Group in March 2010. He was appointed as a member of both the Nomination Committee and the Remuneration Committee of the Company with effect from 1 April 2015. Mr. Xiang holds a degree in accounting and finance from Shanghai TV University (now known as “Shanghai Open University”) and is a banker of Hongkou Qu, Shanghai Branch, China Construction Bank for more than 20 years.

Ms. Li Lin (“Ms. Li”), aged 27, was appointed as an executive director and a member of the Executive Committee of the Company with effect from 1 December 2012. Ms. Li obtained her Bachelor of Engineering Degree specialized in greening and environmental protection from Shanghai Institute of Business & Technology in the PRC in 2011. She joined Suzhou Baina Renewable Resources Co., Ltd., a principal indirectly owned subsidiary of the Company in the PRC, as the head of Operations Department since 2011.

Non-executive directors:

Ms. Yao Zhengwei (“Ms. Yao”), aged 29, is a non-executive director of the Company. She joined the Company in January 2011. Ms. Yao graduated in Shanghai Jiao Tong University and is now working in the investment division of a fund management company.

Mr. Wang Zhenghua (“Mr. Wang”), aged 33, is a non-executive director of the Company. He joined the Company in June 2011. He graduated from University of Shanghai for Science and Technology in 2006 with a Bachelor’s degree in marketing. Mr. Wang has been working in the field of sales, marketing and communications in the PRC for 7 years.

Independent non-executive directors:

Ms. Zhang Ruisi (“Ms. Zhang”), aged 28, was appointed as an independent non-executive director of the Company and the Chairman of both the Audit Committee and the Nomination Committee of the Company with effect from 1 September 2014. Ms. Zhang obtained a bachelor degree in business administration from The Chinese University of Hong Kong in 2009 and is now studying for a master degree in finance at The University of Hong Kong. She has over 4 years of experience in auditing listed companies and is a member of Hong Kong Institute of Certified Public Accountants. She is currently the financial manager of a private institution.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS (continued)

Independent non-executive directors: (continued)

Ms. Zhou Jue ("Ms. Zhou"), aged 29, is an independent non-executive director of the Company. She is also a member of both the Audit Committee and the Remuneration Committee of the Company. She joined the Company in December 2010. Ms. Zhou studied corporate management in Shanghai Maritime University. She is currently an investment consultant in an investment management company and has experience in hotel management.

Mr. Tse Kwong Chan ("Mr. Tse"), aged 45, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 21 years of working experience in the area of sales and marketing and management.

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

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' REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorized to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors' duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

DIRECTORS' INTERESTS IN CONTRACTS

None of the directors of the Company nor their respective close associates 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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2015, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

During the year under review, no rights to acquire benefits by means of the acquisition of shares or debentures of the Company were granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, or their close associates, to acquire such benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Percentage+ of the Company's issued share capital
Elegant Mark Investment Limited	Beneficial owner#	256,002,000	9.84%
Smart Galaxy Investments Limited	Interest held by controlled corporation#	256,002,000	9.84%
Wong Tin Lung	Interest held by controlled corporations#	256,002,000	9.84%

\# These shares were held by Elegant Mark Investment Limited, a wholly-owned subsidiary of Smart Galaxy Investments Limited, which in turn was a controlled corporation of Wong Tin Lung. Accordingly, Smart Galaxy Investments Limited and Wong Tin Lung were also deemed to be interested in these shares held by Elegant Mark Investment Limited pursuant to Part XV of the SFO.

On 16 April 2015, Elegant Mark Investment Limited ceased to have an interest in 5% or more of the issued share capital of the Company. Accordingly, Elegant Mark Investment Limited, Smart Galaxy Investments Limited and Wong Tin Lung were no longer the substantial shareholders of the Company pursuant to Part XV of the SFO.

\+ The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 31 March 2015. As at 31 March 2015, the number of issued shares of the Company was 2,602,286,406 shares of HK$0.01 each.

Save as disclosed above, as at 31 March 2015, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in Note 41 to the consolidated financial statements do not fall under the definitions of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules. No disclosure is required accordingly.

SUFFICIENCY OF 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 a sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 47 to the consolidated financial statements.

AUDITOR

CCTH CPA Limited, the Company's auditor, will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the forthcoming annual general meeting to re-appoint CCTH CPA Limited as the auditor of the Company.

ON BEHALF OF THE BOARD

Ms. Chen Tong
Chairman

Hong Kong
29 June 2015

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 154, which comprise the consolidated statement of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2015 and of the Group's financial performance 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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 29 June 2015

Lee Chi Hang
Practising certificate number P01957
Unit 5-6, 7/F., Greenfield Tower, Concordia Plaza,
1 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Continuing Operations			
Revenue	5	**52,710**	59,808
Cost of sales		**(46,327)**	(54,404)
Gross profit		**6,383**	5,404
Investment and other income	7	**1,813**	1,343
Other gains and losses	8	**(79,704)**	(1,402,896)
Selling and distribution expenses		**(836)**	(3,738)
Administrative expenses		**(30,421)**	(25,219)
Finance costs	9	**(48,795)**	(24,907)
Loss before taxation	10	**(151,560)**	(1,450,013)
Taxation	13	**392**	316
Loss for the year from continuing operations		**(151,168)**	(1,449,697)
Discontinued Operations			
Gain for the year from discontinued operations	14	**–**	26,784
Loss for the year		**(151,168)**	(1,422,913)
Loss for the year		**(151,168)**	(1,422,913)
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising from translation of foreign operations			
Exchange differences arising during the year		**(348)**	(2,484)
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	(26,624)
		(348)	(29,108)
Increase in fair value of available-for-sale investments		**80,588**	–
Other comprehensive income/(expense) for the year, net of income tax		**80,240**	(29,108)
Total comprehensive expense for the year		**(70,928)**	(1,452,021)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(147,882)**	(1,441,391)
Non-controlling interests		**(3,286)**	(8,306)
		(151,168)	(1,449,697)
Loss for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(147,882)**	(1,414,607)
Non-controlling interests		**(3,286)**	(8,306)
		(151,168)	(1,422,913)
Total comprehensive expense attributable to:			
Owners of the Company		**(67,637)**	(1,443,838)
Non-controlling interests		**(3,291)**	(8,183)
		(70,928)	(1,452,021)

	Notes	2015 HK$	2014 HK$ (restated)
Loss per share	16		
From continuing and discontinued operations			
Basic		**(0.15)**	(4.55)
Diluted		**N/A**	N/A
From continuing operations			
Basic		**(0.15)**	(4.64)
Diluted		**N/A**	N/A

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	17	**20,253**	19,639
Goodwill	18	**260,573**	185,838
Intangible assets	19	**27,979**	32,178
Available-for-sale investments	20	**274,248**	64,954
		583,053	302,609
Current assets			
Inventories	21	**494**	372
Trade and bills receivables	22	**16,795**	3,944
Other receivables, prepayments and deposits paid	23	**14,880**	22,568
Restricted bank deposits	24	**5,877**	11,767
Cash deposits held by securities brokers	24	**36,574**	–
Bank balances and cash	24	**214,330**	10,603
		288,950	49,254
Assets classified as held for sale	25	**65,092**	–
		354,042	49,254
Current liabilities			
Trade and bills payables	26	**7,064**	22,887
Other payables and accruals	27	**41,944**	47,570
Promissory notes payable	28	**201,902**	5,000
Bank and other borrowings	29	**23,759**	75,861
Financial liabilities designated at fair value through profit or loss	30	**1,933**	–
Income tax payable		**22,610**	21,994
		299,212	173,312
Liabilities directly associated with assets classified as held for sale	25	**20,600**	–
		319,812	173,312

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Net current assets/(liabilities)		**34,230**	(124,058)
		617,283	178,551
Capital and reserves			
Share capital	31	**26,023**	2,320
Share premium and reserves		**556,225**	151,117
Equity attributable to owners of the Company		**582,248**	153,437
Non-controlling interests		**(6,548)**	(3,124)
Total equity		**575,700**	150,313
Non-current liabilities			
Unconvertible bonds	33	**20,297**	20,168
Deferred tax liabilities	34	**21,286**	8,070
		41,583	28,238
		617,283	178,551

The consolidated financial statements on pages 40 to 154 were approved and authorised for issue by the Board of Directors on 29 June 2015 and are signed on its behalf by:

Chen Tong
Director

Xiang Liang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Contributed surplus** HK$'000 (Note)	**Investments revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Capital redemption reserve** HK$'000	**Accumulated losses** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 2013	554	493,391	2,031	–	32,534	464	(372,055)	156,919	5,059	161,978
Loss for the year	–	–	–	–	–	–	(1,414,607)	(1,414,607)	(8,306)	(1,422,913)
Other comprehensive (expense)/income										
Exchange difference arising on translation of financial statements of foreign operations	–	–	–	–	(29,231)	–	–	(29,231)	123	(29,108)
Total comprehensive expense for the year	–	–	–	–	(29,231)	–	(1,414,607)	(1,443,838)	(8,183)	(1,452,021)
Issue of shares on conversion of convertible notes	1,620	1,334,646	–	–	–	–	–	1,336,266	–	1,336,266
Issue of shares upon subscription of shares	32	14,432	–	–	–	–	–	14,464	–	14,464
Issue of shares upon placement of shares	114	91,703	–	–	–	–	–	91,817	–	91,817
Share issue expenses	–	(2,191)	–	–	–	–	–	(2,191)	–	(2,191)
At 31 March 2014 and 1 April 2014	2,320	1,931,981	2,031	–	3,303	464	(1,786,662)	153,437	(3,124)	150,313
Loss for the year	–	–	–	–	–	–	(147,882)	(147,882)	(3,286)	(151,168)
Other comprehensive (expense)/income										
Exchange difference arising on translation of financial statements of foreign operations	–	–	–	–	(343)	–	–	(343)	(5)	(348)
Increase in fair value of available-for-sale investments, net of income tax	–	–	–	80,588	–	–	–	80,588	–	80,588
Total comprehensive income/(expense) for the year	–	–	–	80,588	(343)	–	(147,882)	(67,637)	(3,291)	(70,928)
Non-controlling interests arising on acquisition of subsidiaries	–	–	–	–	–	–	–	–	(133)	(133)
Issue of shares upon placement of shares	572	50,494	–	–	–	–	–	51,066	–	51,066
Issue of shares upon rights issue	23,131	427,932	–	–	–	–	–	451,063	–	451,063
Share issue expenses	–	(5,681)	–	–	–	–	–	(5,681)	–	(5,681)
At 31 March 2015	**26,023**	**2,404,726**	**2,031**	**80,588**	**2,960**	**464**	**(1,934,544)**	**582,248**	**(6,548)**	**575,700**

Note: The contributed surplus of the Group at 31 March 2015 and 31 March 2014 represents the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1994 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

	Notes	**2015 HK$'000**	2014 HK$'000
Cash flows from operating activities			
Loss for the year		**(151,168)**	(1,422,913)
Adjustments for:			
Income tax credit recognised in profit or loss	13	**(392)**	(316)
Finance costs		**48,795**	24,907
Interest on financial liabilities designated at fair value through profit or loss		**133**	8,056
Depreciation of property, plant and equipment		**4,047**	5,668
Amortisation of intangible assets		**4,257**	4,311
Loss on disposal of property, plant and equipment		**1,592**	8,362
Loss on change in fair value of financial liabilities designated at fair value through profit or loss		**133**	1,202,602
Impairment loss recognised in respect of:			
– property, plant and equipment		**–**	1,474
– goodwill		**48,216**	133,162
– available-for-sale investments		**11,208**	17,257
– trade receivables		**–**	200
– other receivables		**11,705**	46,059
Bank interest income		**(170)**	(42)
Reversal of impairments loss on other receivables		**(21)**	(11,439)
Gain on disposal of the Disposed Group	14	**–**	(25,946)
Profit for the year from discontinued businesses	14	**–**	(838)
Gain on early repayment of promissory notes payable		**(3,093)**	(4,411)
Net foreign exchange gains		**(1,609)**	(2,809)
Operating cash flows before movements in working capital		**(26,367)**	(16,656)
(Increase)/decrease in inventories		**(121)**	288
Increase in trade and bills receivables		**(11,684)**	(1,962)
(Increase)/decrease in other receivables, prepayments and deposits paid		**(3,851)**	869
(Decrease)/increase in trade and bills payables		**(16,234)**	19,084
Increase in other payables and accruals		**2,968**	8,345
Net cash (used in)/generated from operating activities		**(55,289)**	9,968

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(5,356)**	(10,700)
Proceeds from disposal of property, plant and equipment		**8**	–
Acquisition of subsidiaries	37	**209**	–
Disposal of subsidiaries	38	**–**	(6,128)
Acquisition of available-for-sale investments		**(34,310)**	–
Deposits received on disposal of assets classified as held for sale		**20,600**	–
Bank interest received		**170**	42
Decrease/(increase) in restricted bank deposits		**5,890**	(11,767)
Net cash used in investing activities		**(12,789)**	(28,553)
Cash flows from financing activities			
Proceeds from issue of new shares		**502,129**	106,281
Share issue expenses		**(5,681)**	(2,191)
Proceeds from bank and other borrowings		**15,881**	74,600
Repayments of bank and other borrowings		**(68,000)**	(24,939)
Repayments of promissory notes payable		**(88,000)**	(114,000)
Interest paid		**(47,794)**	(21,175)
Net cash generated from financing activities		**308,535**	18,576
Net increase/(decrease) in cash and cash equivalents		**240,457**	(9)
Cash and cash equivalents at beginning of the year		**10,603**	10,731
Effects of exchange rate changes		**(156)**	(119)
Cash and cash equivalents at end of the year		**250,904**	10,603
Cash and cash equivalents at end of the year represented by:			
Cash deposits held by securities brokers		**36,574**	–
Bank balances and cash		**214,330**	10,603
		250,904	10,603

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and Room 2211, 22nd Floor, Lippo Centre, Tower Two, 89 Queensway, Hong Kong respectively.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in Note 45. The Company together with its subsidiaries are referred to as the Group.

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK$") as the directors consider that HK$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the Stock Exchange.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and revised HKFRSs applied in the current year

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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 application of the new and revised HKFRSs in the current year had no material impact on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue 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.

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

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

[2] Effective for annual periods beginning on or after 1 July 2014.

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

[4] Effective for annual periods beginning on or after 1 January 2016.

[5] Effective for annual periods beginning on or after 1 January 2017.

[6] Effective for annual periods beginning on or after 1 January 2018.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

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

Key requirements of HKFRS 9 are described as follows:

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 9 Financial Instruments *(continued)*

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 liability designated as 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 of hedge accounting. However, greater flexibility has been introduced to the types or transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a material impact 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.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

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

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

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised HKFRSs in issue but not yet effective will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on 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 set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

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 from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

- deferred tax assets or liabilities, assets and liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Tax” and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below); 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 interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Where the consideration transferred by the Group 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 against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in 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.

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.

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, and is presented separately in the consolidated statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

For the purposes of impairment testing, goodwill is allocated to each of the Group's relevant 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 the carrying amount of the unit, 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 on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received and receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

(i) Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

(ii) Income from provision of internet online services is recognised when such services are rendered.

(iii) Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Deposits and instalments received from customers prior to meeting the above criteria on revenue recognition are included in other payables and accruals under current liabilities.

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'prepaid lease payments' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each 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 on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rates of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange 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), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustment to identifiable assets and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments arrangements

Share options payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity under the heading of share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately 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 options reserve.

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 options reserve 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 options reserve will be transferred to accumulated losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted 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. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

***Deferred tax** (continued)*

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

Property, plant and equipment

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

Depreciation is provided to write off the cost of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less impairment loss, if any. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for its intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 derecognition of the asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. Alternatively, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy below in respect of impairment losses on tangible and intangible assets other than goodwill).

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible and intangible assets other than goodwill (continued)

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 a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

Financial assets

The Group's financial assets comprise of financial assets at FVTPL, available-for-sale investments 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

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

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 or losses line item. Fair value is determined in the manner described in Note 43.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale investments

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

Equity and debt securities held by the Group that are classified as available-for-sale investments and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale investments relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale investments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment of financial assets below).

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

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 each reporting period (see the accounting policy in respect of impairment of 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. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, deposits paid, restricted bank deposits, cash deposits held by securities brokers and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment loss on financial assets

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

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- 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.

For certain categories of financial assets, such as trade and bills receivables, assets that are assessed not to be impaired individually are subsequently 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, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment loss on financial assets (continued)

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

Financial liabilities and equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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 through the expected life of the financial liability, or, where appropriate, the shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities designated at FVTPL

The Group has designated certain convertible notes with conversion option settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity instruments and the conversion option is not closely related to the liability component of the convertible bonds as financial liability carried at FVTPL. At initial recognition and in subsequent periods, the convertible notes are measured at fair value with changes in fair value recognised in profit or loss in the period in which they arise.

Interest expense on financial liabilities designated at FVTPL is included in other gains or losses.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings and unconvertible bonds) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, 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 is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment of goodwill

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the cash-generating units to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs to sell and the value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

The carrying amount of goodwill as at 31 March 2015 was HK$260,573,000 (2014: HK$185,838,000). Impairment loss of goodwill amounting to HK$48,216,000 has been recognised in profit or loss in respect of the year ended 31 March 2015 (2014: HK$133,162,000), details of which are disclosed in Note 18.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment loss of unlisted available-for-sale investments

During the year, the Company entered into an agreement for the disposal of the Group's investment in Swift Profit International Limited as detailed in Note 20(d). Management assessed the recoverability of this investment based on the sale consideration for the disposal of HK$66,000,000 as stipulated in the related agreement and impairment loss of HK$17,257,000 on the investment has been recognised in the profit or loss in respect of the year ended 31 March 2014. Should the completion of the disposal not take place in accordance with the sale agreement, the recoverable amount of the available-for-sale investment will have to be determined based on prevailing circumstances and an additional impairment loss may arise.

In addition, management assessed the recoverability of the other unlisted available-for-sale investments based on the present value of the estimated future cash flows expected to arise from the investments and discounted at the appropriate rates of return. Estimation of future cash flows may be adversely affected by the deterioration in financial position of the investees, industry and sector performances, changes in technology, and operational and financing cash flows. If the carrying amount of each of these investments is less than its recoverable amount, an impairment loss is recognised in the profit or loss. Variation in the estimated future cash flows and the discount rates used may result in adjustment to the recoverable amount and may give rise to the recognition of an impairment loss. For the year ended 31 March 2015, impairment loss on an available-for sale investment amounting to HK$11,208,000 (2014: Nil) has been recognised, details of which are disclosed in Note 21(b).

Impairment of non-financial assets (other than goodwill)

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down in future periods.

Impairment loss recognised in respect of trade and other receivables

The Group maintains an allowance for estimated loss arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of debtors' balances, debtors' creditworthiness, and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 March 2015, the carrying amount of trade and other receivables amounted to an aggregate of approximately HK$26,039,000 (net of accumulated impairment losses of approximately HK$88,369,000) (2014: carrying amount amounted to an aggregate of approximately HK$23,445,000 (net of accumulated impairment losses of approximately HK$76,532,000)).

Estimated allowance for inventories

Inventories are written down to net realisable value based on an assessment of their realisability. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will have impact on the carrying value of inventories and write-down of inventories in the period in which such estimate is changed. As at 31 March 2015, the carrying amount of inventories amounted to approximately HK$494,000 (2014: HK$372,000). No write down of inventories has been charged to profit or loss in respect of the year (2014: Nil).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Intangible assets and amortisation

The Group determines the estimated useful lives and related amortisation for the Group's intangible assets. Intangible assets with finite useful lives are amortised over the expected useful economic lives. The amortisation period and the amortisation method for the intangible assets are reviewed by the management at least at the end of each reporting period. The carrying amount of intangible assets as at 31 March 2015 was HK$27,979,000 (2014: HK$32,178,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The board of directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities is disclosed in Note 43(c).

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts, and income from provision of internet online services relating to product sales and marketing and web maintenance ("Internet Services") and is analysed as below:

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sale of goods	**41,465**	59,808	**–**	1,850	**41,465**	61,658
Internet Services	**11,245**	–	**–**	–	**11,245**	–
	52,710	59,808	**–**	1,850	**52,710**	61,658

6. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products manufactured and services rendered are as follows:

Continuing Operations

Wastes recycling: waste paper, scrap metal and consumable wastes recycling

Trading of petrochemical products: purchase and sale of petrochemical products

Internet Services: provision of internet online services relating to product sales and marketing and web maintenance

Discontinued Operations

Trading of laminates: trading of industrial laminates mainly for use in the manufacture of telecommunications, computer-related products, audio and visual household products

Manufacture and trading of printed circuit boards ("PCBs"): manufacture and trading of PCBs mainly for use in the manufacture of audio and visual household products

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and results

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

For the year ended 31 March 2015

	Continuing Operations				Discontinued Operations		
	Wastes recycling HK$'000	Internet Services HK$'000	Trading of petrochemicals products HK$'000	Sub-total HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:							
Sales to external customers	29,773	11,245	11,692	52,710	–	–	52,710
Intersegment sales	–	–	–	–	–	–	–
Revenue from external customers	29,773	11,245	11,692	52,710	–	–	52,710
Segment results	(65,808)	4,987	(414)	(61,235)	–	–	(61,235)
Interest income							170
Gain on early repayment of promissory notes payable							3,093
Other unallocated income							2,335
Realised loss on disposal of listed equity securities held for trading							(7,434)
Impairment loss on available-for-sale investment							(11,208)
Loss on change in fair value of financial liabilities designated at FVTPL							(133)
Interest on financial liabilities designated at FVTPL							(133)
Other unallocated expenses							(28,220)
Finance costs							(48,795)
Loss before taxation							(151,560)
Taxation							392
Loss for the year							(151,168)

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment revenue and results** (continued)*

For the year ended 31 March 2014

	Continuing Operations				Discontinued Operations		
	Wastes recycling HK$'000	Internet Services HK$'000	Trading of petrochemicals products HK$'000	Sub-total HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:							
Sales to external customers	59,808	–	–	59,808	1,850	1,850	61,658
Intersegment sales	–	–	–	–	–	–	–
Revenue from external customers	59,808	–	–	59,808	1,850	1,850	61,658
Segment results	(185,590)	–	–	(185,590)	808	808	(184,782)
Interest income							42
Gain on early repayment of promissory notes payable							4,411
Gain on disposal of the Disposed Group							25,946
Other unallocated income							3,239
Impairment loss on available-for-sale investment							(17,257)
Loss on change in fair value of financial liabilities designated at FVTPL							(1,202,602)
Interest on financial liabilities designated at FVTPL							(8,056)
Other unallocated expenses							(19,263)
Finance costs							(24,907)
Loss before taxation							(1,423,229)
Taxation							316
Loss for the year							(1,422,913)

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and results *(continued)*

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3. Segment profit/loss represents the profit/loss from by each segment without allocation of certain other income, other gains and losses, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

No operating segments have been aggregated to the Group's reportable segments.

Segment assets and liabilities

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

	2015	2014
	HK$'000	HK$'000
Segment assets		
Wastes recycling	**185,751**	266,760
Internet Services	**136,020**	–
Trading of petrochemical products	**3,333**	–
Total segment assets	**325,104**	266,760
Unallocated assets		
Available-for-sale investments	**274,248**	64,954
Assets classified as held for sale	**65,092**	–
Other unallocated assets	**272,651**	20,149
Total unallocated assets	**611,991**	85,103
Total consolidated assets	**937,095**	351,863

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment assets and liabilities** (continued)*

	2015 HK$'000	2014 HK$'000
Segment liabilities		
Wastes recycling	36,023	86,262
Internet Services	8,434	–
Trading of petrochemical products	1,647	
Total segment liabilities	46,104	86,262
Unallocated liabilities		
Promissory notes payable	201,902	5,000
Financial liabilities designated at FVTPL	1,933	–
Liabilities directly associated with assets classified as held for sale	20,600	–
Unconvertible bonds	20,297	20,168
Other unallocated liabilities	70,559	90,120
Total unallocated liabilities	315,291	115,288
Total consolidated liabilities	361,395	201,550

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment assets and liabilities *(continued)*

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, restricted bank deposits, cash deposits held by securities brokers and bank balances and cash, available-for-sale investments, certain other receivables, prepayments and deposits paid, assets classified as held for sale, and assets used jointly by reportable segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to reportable segments other than certain other payables and accruals, promissory notes payable, bank and other borrowings, financial liabilities designated at FVTPL, income tax payable, unconvertible bonds, deferred tax liabilities and liabilities for which reportable segments are jointly liable. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information

In respect of the year ended 31 March 2015

	Continuing Operations				Discontinued Operations			
	Wastes recycling HK$'000	Internet Services HK$'000	Trading of petrochemical products HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation of property, plant and equipment	792	35	–	827	–	–	–	827
Impairment loss on property, plant and equipment	–	–	–	–	–	–	–	–
Loss on disposal of property, plant and equipment	1,521	–	–	1,521	–	–	–	1,521
Impairment loss recognised in respect of goodwill	48,216	–	–	48,216	–	–	–	48,216
Amortisation of intangible assets	4,257	–	–	4,257	–	–	–	4,257
Impairment loss recognised in respect of trade receivables	–	–	–	–	–	–	–	–
Impairment loss recognised in respect of other receivables	11,705	–	–	11,705	–	–	–	11,705
Reversal of impairment on other receivables	21	–	–	21	–	–	–	21
Value added tax and other taxes refunded	1,168	–	–	1,168	–	–	–	1,168
Additions to non-current assets (Note)	–	9	–	9	–	–	–	9

6. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Other segment information** (continued)*

In respect of the year ended 31 March 2014

	Continuing Operations				Discontinued Operations			
	Wastes recycling HK$'000	Internet Services HK$'000	Trading of petrochemical products HK$'000	Sub-total HK$'000	Trading of laminates HK$'000	Manufacture and trading of PCBs HK$'000	Sub-total HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Depreciation of property, plant and equipment	5,462	–	–	5,462	–	4	4	5,466
Impairment loss on property, plant and equipment	1,474	–	–	1,474	–	–	–	1,474
Loss on disposal of property, plant and equipment	8,362	–	–	8,362	–	–	–	8,362
Impairment loss recognised in respect of goodwill	133,162	–	–	133,162	–	–	–	133,162
Amortisation of intangible assets	4,311	–	–	4,311	–	–	–	4,311
Impairment loss recognised in respect of trade receivables	200	–	–	200	–	–	–	200
Impairment loss recognised in respect of other receivables	46,059	–	–	46,059	–	–	–	46,059
Reversal of impairment on other receivables	11,439	–	–	11,439	–	–	–	11,439
Value added tax and other taxes refunded	848	–	–	848	–	–	–	848
Additions to non-current assets (Note)	–	–	–	–	–	–	–	–
Amount regularly provided to the chief operating decision maker but not included in measure of segment profit or loss or segment assets:								
Depreciation of property, plant and equipment	206	–	–	206	–	–	–	206

Note: The additions to non-current assets exclude assets acquired through acquisition of subsidiaries and financial assets. Further, these non-current assets do not include the assets acquired during the year of HK$5,347,000 (2014: HK$10,700,000) which have not been allocated to the business segments.

6. SEGMENT INFORMATION (continued)

(b) Revenue from major products

The following is an analysis of the Group's revenue from its major products:

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Sales of recycled materials	**29,773**	59,808	**–**	–	**29,773**	59,808
Sales of petrochemical products	**11,692**	–	**–**	–	**11,692**	–
Provision of internet services	**11,245**	–	**–**	–	**11,245**	–
Sales of PCBs	**–**	–	**–**	1,850	**–**	1,850
	52,710	59,808	**–**	1,850	**52,710**	61,658

(c) Geographical information

The Group's operations are mainly located in Hong Kong and the People's Republic of China ("PRC").

The following table provides an analysis of the Group's revenue by geographic market, irrespective of the origin of customers:

	Hong Kong		PRC		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:								
Sales to external customers	**10,821**	1,850	**41,776**	59,808	**113**	–	**52,710**	61,658

The following is an analysis of the carrying amount of non-current assets analysed by the geographical areas in which the assets are located:

	Hong Kong		PRC		Others		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Non-current assets excluding goodwill and intangible assets	**140,283**	10,650	**38,166**	73,943	**116,052***	–	**294,501**	84,593
Goodwill and intangible assets	**59,202**	–	**229,350**	218,016	**–**	–	**288,552**	218,016
Total non-current assets	**199,485**	10,650	**267,516**	291,959	**116,052**	–	**583,053**	302,609

* This non-current assets represent available-for-sale investment, the investee was incorporated and is operating in the United States of America.

6. SEGMENT INFORMATION (continued)

(c) Geographical information (continued)

An analysis of the non-current assets of the Group (other than financial assets) by geographical areas in which the assets are located:

	Hong Kong		PRC		Others		Consolidated	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Non-current assets other than financial assets	**71,899**	10,650	**236,906**	227,005	**–**	–	**308,805**	237,655

(d) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	2015 HK$'000	2014 HK$'000
Customer A	Sale of recycled materials	**7,979**	13,769
Customer B	Sale of recycled materials	**10,072**	N/A*
Customer C	Sale of recycled materials	**5,990**	N/A*
Customer D	Sale of recycled materials	**N/A***	35,027

* The corresponding revenue does not contribute over 10% of the total revenue of the Group for the respective year.

7. INVESTMENT AND OTHER INCOME

	Continuing Operations		Discontinued Operations		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Bank interest income	**170**	42	**–**	–	**170**	42
Value added tax and other taxes refunded (Note below)	**1,168**	848	**–**	–	**1,168**	848
Others	**475**	453	**–**	48	**475**	501
	1,813	1,343	**–**	48	**1,813**	1,391

Note: Certain subsidies were granted by the PRC local government to the Company's subsidiaries which are engaged in wastes recycling business in the PRC. Under these subsidies, the subsidiaries are entitled to a refund of value added tax and other taxes paid, calculated on a basis as agreed by the local government.

8. OTHER GAINS AND LOSSES

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other gains						
Foreign exchange gain/(loss), net	**1,860**	2,737	**–**	(4)	**1,860**	2,733
Gain on early repayment of promissory notes payable (Note 28)	**3,093**	4,411	**–**	–	**3,093**	4,411
Reversal of impairment loss on other receivables (Note 23)	**21**	11,439	**–**	–	**21**	11,439
	4,974	18,587	**–**	(4)	**4,974**	18,583
Other losses						
Amortisation of intangible assets (Note 19)	**(4,257)**	(4,311)	**–**	–	**(4,257)**	(4,311)
Loss on disposal of property, plant and equipment	**(1,592)**	(8,362)	**–**	–	**(1,592)**	(8,362)
Loss on change in fair value of financial liabilities designated at FVTPL (Note 30)	**(133)**	(1,202,602)	**–**	–	**(133)**	(1,202,602)
Realised loss on disposal of listed equity securities held for trading	**(7,434)**	–	**–**	–	**(7,434)**	–
Interest on financial liabilities designated at FVTPL	**(133)**	(8,056)	**–**	–	**(133)**	(8,056)
Impairment loss recognised on:						
– property, plant and equipment (Note 17)	**–**	(1,474)	**–**	–	**–**	(1,474)
– goodwill (Note 18)	**(48,216)**	(133,162)	**–**	–	**(48,216)**	(133,162)
– available-for-sale investments (Note 20)	**(11,208)**	(17,257)	**–**	–	**(11,208)**	(17,257)
– trade receivables (Note 22)	**–**	(200)	**–**	–	**–**	(200)
– other receivables (Note 23)	**(11,705)**	(46,059)	**–**	–	**(11,705)**	(46,059)
	(84,678)	(1,421,483)	**–**	–	**(84,678)**	(1,421,483)
Other losses, net	**(79,704)**	(1,402,896)	**–**	(4)	**(79,704)**	(1,402,900)

9. FINANCE COSTS

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses on:						
Bank borrowings	**1,607**	2,001	**–**	–	**1,607**	2,001
Other borrowings wholly repayable within five years	**32,752**	19,859	**–**	–	**32,752**	19,859
Promissory notes payable (Note 28)	**13,307**	1,925	**–**	–	**13,307**	1,925
Interest on unconvertible notes (Note 33)	**1,129**	1,122	**–**	–	**1,129**	1,122
	48,795	24,907	**–**	–	**48,795**	24,907

10. LOSS BEFORE TAXATION

The Group's loss before taxation is arrived at after charging:

	Continuing Operations		Discontinued Operations		Total	
	2015	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Staff costs (including directors' emoluments)						
– Directors' fees, staff salaries and allowances	**9,671**	7,195	**–**	113	**9,671**	7,308
– Retirement benefits contributions	**112**	52	**–**	–	**112**	52
Total staff costs	**9,783**	7,247	**–**	113	**9,783**	7,360
Auditors' remuneration	**851**	820	**–**	–	**851**	820
Cost of inventories recognised as an expense	**40,614**	54,404	**–**	–	**40,614**	54,404
Other service costs	**5,713**	–	**–**	–	**5,713**	–
Depreciation of property, plant and equipment	**4,047**	5,668	**–**	–	**4,047**	5,668
Operating lease rentals in respect of rental premises	**667**	1,558	**–**	2	**667**	1,560

11. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to the directors are:

	2015 HK$'000	2014 HK$'000
Fees	843	965
Other emoluments:		
Salaries, allowances and benefits in kind	2,475	2,000
Contributions to retirement benefits schemes	28	25
	2,503	2,025
	3,346	2,990

An analysis of the emoluments paid or payable to executive, non-executive and independent non-executive directors is as follows:

(a) Executive directors

2015	Salaries, allowances and benefits in kind HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Chen Tong	1,652	17	1,669
Chan Ching Ho, Kitty[1]	301	11	312
Xiang Liang	259	–	259
Li Lin	263	–	263
	2,475	28	2,503

11. DIRECTORS' EMOLUMENTS (continued)

(a) Executive directors (continued)

2014	Salaries, allowances and benefits in kind HK$'000	Retirement benefits contributions HK$'000	Total HK$'000
Chen Tong	1,415	15	1,430
Chan Ching Ho, Kitty[1]	195	10	205
Xiang Liang	195	–	195
Li Lin	195	–	195
	2,000	25	2,025

(b) Non-executive directors

2015	**Directors' fees HK$'000**
Wang Zhenghua	**242**
Yao Zhengwei	**241**
Liang Jian Hua[2]	**–**
	483

2014	Directors' fees HK$'000
Wang Zhenghua	182
Yao Zhengwei	182
Liang Jian Hua[2]	145
	509

11. DIRECTORS' EMOLUMENTS (continued)

(c) Independent non-executive directors

2015	**Directors' fees HK$'000**
Zhou Jue	**120**
Tse Kwong Chan	**120**
Kwok Wing Kiu[2]	**–**
Ong King Keung[3]	**50**
Zhang Ruisi[4]	**70**
	360

2014	Directors' fees HK$'000
Zhou Jue	120
Tse Kwong Chan	120
Kwok Wing Kiu[2]	96
Ong King Keung[3]	120
Zhang Ruisi[4]	–
	456

Notes:

1. Resigned on 1 April 2015

2. Resigned on 20 January 2014

3. Resigned on 1 September 2014

4. Appointed on 1 September 2014

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2015 and 2014.

12. EMPLOYEES' EMOLUMENTS

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

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	2,863	2,158
Contributions to retirement benefits schemes	52	61
	2,915	2,219

Their emoluments were all within HK$ Nil to HK$1,000,000.

13. TAXATION

Income tax recognised in profit or loss

	Continuing Operations		Discontinued Operations		Total	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Hong Kong Profits Tax	556	–	–	–	556	–
PRC Enterprise Income Tax	14	839	–	–	14	839
	570	839	–	–	570	839
Deferred tax credit (Note 34)	(962)	(1,155)	–	–	(962)	(1,155)
Income tax credit for the year	(392)	(316)	–	–	(392)	(316)

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

13. TAXATION (continued)

PRC income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25%.

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

	2015 HK$'000	2014 HK$'000
Loss for the year	**(151,168)**	(1,422,913)
Taxation	**(392)**	(316)
Loss before taxation	**(151,560)**	(1,423,229)
Tax at the applicable rate of 25% (2014: 25%)	**(37,890)**	(355,807)
Tax effect of income not taxable for tax purpose	**(1,323)**	(11,450)
Tax effect of expenses not deductible for tax purpose	**38,601**	366,689
Tax effect of tax losses not recognised	**925**	–
Others	**(414)**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(291)**	252
Tax credit for the year	**(392)**	(316)

Income tax recognised in other comprehensive income

	2015 HK$'000	2014 HK$'000
Deferred tax charge/(credit) recognised in other comprehensive income arising from (Note 34):		
– Increase in fair value of available-for-sale investments	**15,633**	–
– Tax losses	**(1,473)**	–
	14,160	–

14. DISCONTINUED OPERATIONS

On 28 March 2013, the Company entered into a sale and purchase agreement with Nature Ample Limited, which is wholly owned by Mr. Lau Chung Yim, a former director of the Company resigned on 15 March 2012, to dispose of 100% equity interests in and loans made to the Company's former subsidiaries, Nam Hing (B.V.I.) Limited and its subsidiaries (together the "Disposed Group") for a cash consideration of HK$2 million. On the same date, the Group discontinued its businesses of trading of laminates and manufacture and trading of PCBs undertaken by the Disposed Group. The completion of disposal of the Disposed Group took place on 10 April 2013. An analysis of the gain for the year from the discontinued operations is as follows:

	2014 HK$'000
Profit for the year from discontinued businesses (Note a)	838
Gain on disposal of the Disposed Group (Note 38)	25,946
Gain for the year from discontinued operations	26,784

14. DISCONTINUED OPERATIONS (continued)

(a) The results of the discontinued businesses are analysed below:

	Trading of laminates		Manufacture and trading of PCBs		Total	
	2015 HK$'000	2014 HK$'000	**2015 HK$'000**	2014 HK$'000	**2015 HK$'000**	2014 HK$'000
Revenue	**–**	–	**–**	1,850	**–**	1,850
Cost of sales	**–**	–	**–**	(819)	**–**	(819)
Gross profit	**–**	–	**–**	1,031	**–**	1,031
Investment and other income	**–**	–	**–**	48	**–**	48
Other gains and losses	**–**	–	**–**	(4)	**–**	(4)
Selling and distribution expenses	**–**	–	**–**	(37)	**–**	(37)
Administrative expenses	**–**	(19)	**–**	(181)	**–**	(200)
Finance costs	**–**	–	**–**	–	**–**	–
(Loss)/profit before taxation	**–**	(19)	**–**	857	**–**	838
Taxation	**–**	–	**–**	–	**–**	–
(Loss)/profit for the year	**–**	(19)	**–**	857	**–**	838
(Loss)/profit for the year attributable to owners of the Company	**–**	(19)	**–**	857	**–**	838

(b) The cash flows from discontinued operations are analysed as follows:

	2015 HK$'000	2014 HK$'000
Net cash outflows from operating activities	**–**	(204)
Net cash outflows from financing activities	**–**	(15)
Net cash outflows	**–**	(219)

15. DIVIDENDS

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

16. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	Continuing and Discontinued Operations		Continuing Operations	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loss				
Loss for the purpose of basic loss per share				
Loss for the year attributable to owners of the Company	**(147,882)**	(1,414,607)	**(147,882)**	(1,441,391)
Effect of dilutive potential ordinary shares:				
Loss on change in fair value of financial liabilities designated at FVTPL	**133**	1,202,602	**133**	1,202,602
Interest on financial liabilities designated at FVTPL	**133**	8,056	**133**	8,056
Loss for the purpose of diluted loss per share	**N/A**	N/A	**N/A**	N/A

16. LOSS PER SHARE (continued)

	2015	2014	**2015**	2014
	'000	'000	**'000**	'000
		(restated)		(restated)
Number of shares				
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,007,379**	310,666	**1,007,379**	310,666
Effect of dilutive potential ordinary shares:				
Convertible notes (classified as financial liabilities designated at FVTPL)	**264**	232,116	**264**	232,116
Weighted average number of ordinary shares for the purpose of diluted loss per share	**1,007,643**	542,782	**1,007,643**	542,782

The weighted average numbers of ordinary shares for the purpose of basic and diluted loss per share for both of the years presented have been adjusted for the consolidation of the Company's shares on the basis of twenty shares into one new share and the rights issue on the basis of eight rights shares for every one share held made on 3 October 2014 and 20 January 2015 respectively.

Diluted loss per share from continuing and discontinued operations and from continuing operations for both of the years are not presented because the Group sustained a loss for each of the years presented and the impact of conversion of convertible notes, if any, is regarded anti-dilutive.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Motor vessel HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 April 2013	8,992	17,614	2,355	2,421	–	470	31,852
Additions	–	–	–	700	–	10,000	10,700
Disposals	(17)	(12,643)	(2,182)	(2,196)	–	(477)	(17,515)
Exchange realignment	(15)	170	28	31	–	7	221
At 31 March 2014 and 1 April 2014	8,960	5,141	201	956	–	10,000	25,258
Additions	–	–	9	1,347	4,000	–	5,356
Acquisition of subsidiaries (Note 37)	90	–	786	–	–	–	876
Transferred from construction in progress	–	–	–	–	10,000	(10,000)	–
Disposals	(145)	(2,760)	(135)	(256)	–	–	(3,296)
Exchange realignment	19	14	7	–	–	–	40
At 31 March 2015	**8,924**	**2,395**	**868**	**2,047**	**14,000**	**–**	**28,234**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS							
At 1 April 2013	3,262	2,874	849	621	–	–	7,606
Depreciation provided for the year	2,319	1,915	574	860	–	–	5,668
Impairment provided for the year	–	1,474	–	–	–	–	1,474
Eliminated on disposals	(3,715)	(3,014)	(1,252)	(1,172)	–	–	(9,153)
Exchange realignment	17	(10)	10	7	–	–	24
At 31 March 2014 and 1 April 2014	1,883	3,239	181	316	–	–	5,619
Depreciation provided for the year	716	89	33	409	2,800	–	4,047
Eliminated on disposals	(86)	(1,314)	(120)	(176)	–	–	(1,696)
Exchange realignment	2	8	1	–	–	–	11
At 31 March 2015	**2,515**	**2,022**	**95**	**549**	**2,800**	**–**	**7,981**
CARRYING AMOUNT							
At 31 March 2015	**6,409**	**373**	**773**	**1,498**	**11,200**	**–**	**20,253**
At 31 March 2014	7,077	1,902	20	640	–	10,000	19,639

17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	Over the shorter of the lease terms or 20%
Plant and machinery	9% to 10%
Furniture and office equipment	10% to 20%
Motor vehicles	18% to 20%
Motor vessel	20%

Following the decline in revenue generated from the Group's waste paper recycling business, during the year ended 31 March 2014, management of the Company conducted a review of the economic viability of the Group's machineries with an aggregate carrying amount of HK$1,474,000 which have not been put into use for a period of time and considered it appropriate to recognise impairment loss in full on such machineries. Such impairment loss has been recognised in profit or loss in respect of that year and included in other gains and losses (Note 8).

18. GOODWILL

	2015 HK$'000	2014 HK$'000
COST		
At beginning of the year	**522,849**	522,849
Arising on acquisition of subsidiaries (Note 37)	**122,951**	–
At end of the year	**645,800**	522,849
ACCUMULATED IMPAIRMENT		
At beginning of the year	**337,011**	203,849
Impairment loss recognised in respect of recycling business (Note 8)	**48,216**	133,162
At end of the year	**385,227**	337,011
CARRYING AMOUNT AT END OF THE YEAR	**260,573**	185,838

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

Recycling business – wastes paper, scrap metal and consumable wastes recycling

Internet online business – provision of internet online services

18. GOODWILL (continued)

The cost of goodwill was allocated to groups of cash-generating units as follows:

	2015 HK$'000	2014 HK$'000
Recycling business	522,849	522,849
Internet online business – Hong Kong	59,203	–
Internet online business – PRC	63,748	–
	645,800	522,849

Recycling business

Goodwill of HK$522,849,000 arose from the acquisition of 80% equity interest in Ideal Market Holdings Limited ("Ideal Market") in prior years and was recognised at the date of acquisition. Ideal Market, through its wholly-owned subsidiaries, is engaged in paper waste, scrap metals and consumable wastes cycling in the PRC.

The recoverable amount of the cash-generating unit of the recycling business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a twenty-year period with growth rates of 20% per annum for the first to second years, 23% per annum for the third to nineth years, 18% per annum for the tenth to fifteenth years, 15% per annum for the sixteenth to eighteenth years and 3% per annum for the remaining two years and at a discount rate of 13.97% (2014: 15.42%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance and management's expectations for the market development. The directors estimate that a decrease in growth rate by 1% to 5% would result in the aggregate carrying amount of the cash-generating unit at 31 March 2015 exceeding the recoverable amount of the cash-generating unit by approximately HK$16,000,000 to HK$65,600,000. The directors believe that any reasonably possible change in the other key assumptions on which recoverable amount is based would not cause the cash-generating unit to exceed the corresponding recoverable amount.

As a result of the deterioration of the recycling business during the past years, additional impairment loss on goodwill amounting to HK$48,216,000 (2014: HK$133,162,000) was recognised by the Group and charged to profit or loss in respect of the year, which is calculated based on the recoverable amount of the cash-generating unit of this recycling business. Accumulated impairment losses amounted to HK$385,227,000 at 31 March 2015 (2014: HK$337,011,000) were recognised on goodwill allocated to this recycling business.

18. GOODWILL (continued)

Internet online business – Hong Kong

Goodwill of HK$59,203,000 arose from the acquisition of 100% equity interest in Asian Champion Limited ("Asian Champion") and was recognised at the date of acquisition (Note 37). Asian Champion, through its 90% equity owned subsidiary, is principally engaged in the provision of internet online services in Hong Kong relating to product sales and marketing and web maintenance.

The recoverable amount of the cash-generating unit of this online business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period with growth rates of 6.29% per annum for the first year, 25.16% per annum for the second year, 32.18% per annum for the third year, 31.42% per annum for the fourth year, 14.14% per annum for the fifth year, with a terminal value of HK$93,265,000 estimated based on the growth rate of 3% (representing the expected inflation rate) after the five-year period and at a discount rate of 17.59%. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the cash-generating unit and management's expectations for the market development. The directors estimate that a decrease in growth rate by 1% to 5% would result in the aggregate carrying amount of the cash-generating unit at 31 March 2015 exceeding the recoverable amount of the cash-generating unit by approximately HK$2,877,000 to HK$11,077,000. The directors believe that any reasonably possible change in the other key assumptions on which recoverable amount is based would not cause the cash-generating unit to exceed the corresponding recoverable amount.

Based on the impairment testing, the directors consider that there is no impairment of goodwill based on the profitability of this business to which the goodwill relates.

Internet online business – PRC

Goodwill of HK$63,748,000 arose from the acquisition of 100% equity interest in PLATINUM PLUS INVESTMENT LIMITED ("Platinum Plus") and was recognised at the date of acquisition. Platinum Plus, through its wholly-owned subsidiaries, is principally engaged in provision of internet online services in the PRC relating to product sales and marketing and web maintenance.

18. GOODWILL (continued)

Internet online business – PRC (continued)

The recoverable amount of the cash-generating unit of this online business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period with growth rates of 142.76% per annum for the first year, 74.40% per annum for the second year, 109.47% per annum for the third year, 73.07% per annum for the fourth year, 64.48% per annum for the fifth year, with a terminal value of RMB116,238,000 estimated based on the growth rate of 3% (representing the expected inflation rate) after the five-year period and at a discount rate of 23.51%. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the cash-generating unit and management's expectations for the market development. The directors estimate that a decrease in growth rate by 1% to 5% would not result in the aggregate carrying amount of the cash-generating unit at 31 March 2015 exceeding the recoverable amount of the cash-generating unit. The directors believe that any reasonably possible change in the other key assumptions on which recoverable amount is based would not cause the cash-generating unit to exceed the corresponding recoverable amount.

Based on the impairment testing, the directors consider that there is no impairment of goodwill based on the profitability of this business to which the goodwill relates.

19. INTANGIBLE ASSETS

	Customer relationship	
	2015	2014
	HK$'000	HK$'000
COST		
At beginning of the year	**42,432**	42,500
Exchange realignment	**68**	(68)
At end of the year	**42,500**	42,432
AMORTISATION		
At beginning of the year	**10,254**	6,021
Charge for the year (Note 8)	**4,257**	4,311
Exchange realignment	**10**	(78)
At end of the year	**14,521**	10,254
CARRYING AMOUNT AT END OF THE YEAR	**27,979**	32,178

19. INTANGIBLE ASSETS (continued)

The cost of customer relationship is amortised on a straight-line basis over its estimated useful life of 10 years. The carrying amount of the customer relationship at 31 March 2015 will be amortised over the remaining useful life of 6.58 years (2014: 7.58 years).

20. AVAILABLE-FOR-SALE INVESTMENTS

	2015	2014
	HK$'000	HK$'000
Unlisted shares (Note a)		
At cost	**157,860**	175,392
Impairment loss recognised	**(11,198)**	(110,438)
	146,662	64,954
Equity securities listed in Hong Kong, at fair value (Note e)	**127,586**	–
	274,248	64,954

Movements during the year are as follows:

	2015	2014
	HK$'000	HK$'000
Balance at beginning of the year	**64,954**	82,081
Acquisitions during the year, at cost	**189,310**	–
Increase in fair value of listed securities	**94,748**	–
Impairment loss recognised on unlisted shares (Note 8)	**(11,208)**	(17,257)
Reclassified to assets classified as held for sale (Note 25)	**(65,092)**	–
Exchange realignment	**1,536**	130
Balance at end of the year	**274,248**	64,954

20. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes:

(a) The unlisted shares are measured at cost less impairment loss, if any, because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. Particulars regarding these unlisted investments are as follows:

Name of investee	Place of incorporation	Class of shares held	Proportion of ownership interest held by the Group	
			2015	2014
Pure Power Holdings Limited (“Pure Power”) (Note b)	British Virgin Islands (“BVI”)	Ordinary	**10%**	–
Starfame Investments Limited (“Starfame”) (Note c)	BVI	Ordinary	**9.9%**	–
Swift Profit International Limited (“Swift Profit”) (Note d)	BVI	Ordinary	**–**	9.9%

(b) Pure Power

On 29 April 2014, the Group acquired 10% of the issued share capital of Pure Power from a third party for a consideration of HK$125,000,000 which was satisfied by (i) the promissory note with the principal amount of HK$123,200,000 issued by the Company (Note 28(b)) and (ii) the convertible bonds with the principal amount of HK$1,800,000 (Note 30(a)). Pure Power is an investment holding company and, through its wholly-owned subsidiary incorporated in the United States of America (“USA”), is principally engaged in the exploration and exploitation of natural resources in the USA.

Having assessed the recoverability of the investment in Pure Power, the directors of the Company consider it appropriate to recognise an impairment loss amounting to approximately HK$11,208,000 charged to profit or loss in respect of the current year (2014: Nil) as a result of the drop of crude oil price during the year. The impairment loss has been arrived at based on the present value of the estimated future cash flows of Pure Power as valued by an independent valuer using the discount rate of 36.39% which is determined by reference to the discount rates applicable to those enterprises engaged in business similar to those undertaken by Pure Power.

(c) Starfame

On 20 May 2014, the Group acquired 9.9% of the issued share capital of Starfame from a third party for a consideration of HK$30,000,000 which was satisfied by the promissory note with the principal amount of HK$30,000,000 issued by the Company (Note 28(c)). Starfame, through its subsidiaries established in the PRC, is principally engaged in the wholesale and distribution of products encompassing various aspects of production and livelihood.

20. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Notes: (continued)

(d) Swift Profit

Swift Profit is principally engaged in license holding. The principal asset of Swift Profit is the exclusive license in relation to the technology of manufacturing multi-element polymer batteries for electric vehicles.

On 4 June 2014, the Company entered into an agreement with a third party for the disposal of its 9.9% equity interest in Swift Profit for a consideration of HK$66,000,000 (before expenses). Having assessed the recoverability of the investment by reference to the sale consideration, impairment loss of HK$17,257,000 was recognised in the profit or loss in respect of the prior year ended 31 March 2014. The carrying amount of the Group's investment in Swift Profit amounted to HK$65,092,000 was reclassified and included in assets classified as held for sale and the deposits received on disposal totalled HK$20,600,000 were included in liabilities directly associated with assets classified as held for sale (Note 25).

(e) The equity securities listed in Hong Kong represents 12,670,000 shares in Jicheng Umbrella Holdings Limited ("Jicheng") and 63,000,000 shares in WLS Holdings Limited ("WLS"), representing 2.11% equity interest and 9.9% equity interest respectively therein, which were acquired by the Company for total consideration of HK$13,938,000 and HK$18,900,000 respectively. Jicheng and WLS and their respective subsidiaries are principally engaged in manufacturing and sales of umbrella, and infrastructure construction respectively, with their shares listed on the Hong Kong Stock Exchange. The fair value of these equity securities is determined based on the quoted market bid price available on the Hong Kong Stock Exchange.

21. INVENTORIES

	2015	2014
	HK$'000	HK$'000
Finished goods	**494**	372

22. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade and bills receivables	**22,795**	9,932
Less: allowance for impairment loss	**(6,000)**	(5,988)
	16,795	3,944

Trade and bills receivables are aged within 3 months from the invoice date.

The Group has a policy of allowing credit period ranging from 3 to 6 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade and bills receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	**8,928**	3,944
4 to 6 months	**4,679**	–
Over 6 months	**3,188**	–
	16,795	3,944

22. TRADE AND BILLS RECEIVABLES (continued)

Movements in allowance for impairment losses of trade and bills receivables are as follows:

	2015 HK$'000	2014 HK$'000
At beginning of the year	**5,988**	5,800
Impairment loss recognised (Note 8)	**–**	200
Exchange realignment	**12**	(12)
At end of the year	**6,000**	5,988

As at 31 March 2015, trade receivables of the Group amounting to HK$6,000,000 (2014: HK$5,988,000) were individually determined to be impaired and impairment loss of the full amount had been recognised. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these receivables.

The aged analysis of the trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Not past due	**8,928**	3,944
Less than 3 months past due	**4,679**	–
4 to 6 months past due	**3,188**	–
	16,795	3,944

22. TRADE AND BILLS RECEIVABLES (continued)

The Group's trade and bills receivables that are neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the Group's assessment of their recoverability.

As at 31 March 2015 and 2014, the trade and bills receivables were denominated in the functional currencies of the relevant group entities.

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2015	2014
	HK$'000	HK$'000
Other receivables (Note below)	**9,244**	19,501
Prepayments	**465**	2,453
Deposits paid for purchases of petrochemical products for trading purposes	**4,506**	–
Other deposits paid	**665**	614
	14,880	22,568

Note:

An analysis of other receivables (net of impairment) is as follows:

	2015	2014
	HK$'000	HK$'000
Other receivables	**91,613**	90,045
Less: allowance for impairment loss	**(82,369)**	(70,544)
	9,244	19,501

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID (continued)

Note: (continued)

Details of other receivables (net of impairment) are as follows:

	2015 HK$'000	2014 HK$'000
Advances to staff (Note (i))	**1,969**	1,041
Advances to a PRC individual (Note (ii))	**6,000**	17,658
Advances to purchase suppliers and other parties	**1,275**	802
	9,244	19,501

(i) The advances were made to staff of certain subsidiaries respectively and are unsecured, interest free and repayable within one year from the reporting date.

(ii) The advances to a PRC individual amounted to an aggregate of RMB42,453,000, equivalent to HK$53,086,000 (2014: RMB42,453,000, equivalent to HK$52,973,000) less impairment loss recognised of HK$47,086,000 (2014: HK$35,515,000). These receivables, which are interest free and repayable within one year from the reporting date, are secured by the pledge of 13.33% equity interest in Ideal Market, a subsidiary, held by its minority shareholder.

Movements in the allowance for impairment loss of other receivables are as follows:

	2015 HK$'000	2014 HK$'000
At beginning of the year	**70,544**	37,716
Impairment loss recognised in respect of: (Note 8)		
– advances to staff	**–**	3,708
– advances to ex-staff	**–**	6,467
– advances to a PRC individual	**11,705**	35,515
– advances to suppliers and other parties	**–**	369
	11,705	46,059
Impairment loss reversed (Note 8)	**(21)**	(11,439)
Amounts written off during the year as uncollectible	**–**	(1,197)
Exchange realignment	**141**	(595)
At end of the year	**82,369**	70,544

24. RESTRICTED BANKS DEPOSITS, CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Restricted bank deposits represent deposits placed with a bank in the PRC to secure bills amounted to an aggregate of HK$5,877,000 (2014: HK$27,576,000) issued by the Group which remained unsettled at the reporting date. These bills amounted to HK$Nil (2014: HK$22,585,000) and HK$5,877,000 (2014: HK$4,991,000) were included in trade and bills payable (Note 26) and other payables and accrued charges (Note 27) respectively. These restricted bank deposits carry interest at interest rate of 3.05% (2014: 3.05%) per annum.

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less. These deposits carry interest at market rates ranging from 0.001% to 0.35% (2014: 0.01% to 0.35%) per annum.

Except for cash deposits held by securities brokers and bank balances and cash with the aggregate amount of HK$1,169,000 (2014: Nil) and HK$210,523,000 (2014: HK$8,333,000) respectively which are denominated in Hong Kong dollar, all the Group's restricted bank deposits, cash deposits held by securities brokers and bank balances and cash were denominated in the functional currencies of the relevant group entities.

25. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

As referred to in Note 20(d), on 4 June 2014, the Company entered into an agreement for the disposal of its 9.9% equity interests in Swift Profit for the consideration of HK$66,000,000. Deposits for the disposal amounted to HK$20,600,000 was received by the Company up to 31 March 2015. Completion of the disposal will take place on or before 30 September 2015, being the date on or before which the balance of the consideration amounted to HK$45,400,000 will be settled by the purchaser.

25. ASSETS CLASSIFIED AS HELD FOR SALE/LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE (continued)

	2015 HK$'000	2014 HK$'000
Investment in Swift Profit reclassified from available-for-sale investment (Note 20)		
At cost	175,765	–
Less: Impairment loss recognised	(110,673)	–
Assets classified as held for sale	65,092	–
Deposits received on disposal of available-for-sale investment	20,600	–
Liabilities directly associated with assets classified as held for sale	20,600	–
Net assets classified as held for sale	44,492	–

26. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables at the end of reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 3 months	6,907	–
4 to 6 months	–	22,730
Over 6 months	157	157
	7,064	22,887

26. TRADE AND BILLS PAYABLES (continued)

The credit period on purchase of goods ranged from 60 to 90 days.

Included above are bills payable of HK$Nil (2014: HK$22,585,000) (Note 24) which were not yet due for settlement at the reporting date.

At 31 March 2015 and 2014, trade and bills payables were substantially denominated in the functional currencies of the relevant group entities.

27. OTHER PAYABLES AND ACCRUED CHARGES

	2015 HK$'000	2014 HK$'000
Bills payable (Note 24)	5,877	4,991
Accrued interests	762	12,802
Other accrued charges and payables	35,305	29,777
	41,944	47,570

Note:

The other payables and accrued charges were denominated in the functional currencies of the relevant group entities, except for the aggregate amount of HK$2,709,000 (2014: HK$13,708,000) which are denominated in Hong Kong dollar.

28. PROMISSORY NOTES PAYABLE

	2015 HK$'000	2014 HK$'000
Promissory notes payable		
– issued on 7 November 2011, unsecured (Note a)	5,000	5,000
– issued on 29 April 2014, unsecured (Note b)	132,300	–
– issued on 30 January 2015, unsecured (Note e)	64,602	–
	201,902	5,000

28. PROMISSORY NOTES PAYABLE (continued)

(a) Promissory notes issued on 7 November 2011 (the "Note A")

On 7 November 2011, the Company issued promissory notes with an aggregate principal amount of HK$260,000,000 as part of the consideration for the acquisition of Ideal Market. The notes are unsecured and carry interests at 5.25% per annum. The notes with the principal amount of HK$255,000,000 was repaid up to 31 March 2014.

At 31 March 2015, the promissory notes with the principal amount of HK$5,000,000 (2014: HK$5,000,000) have been overdue for repayment and remained outstanding. As at that date, a litigation was pending against the Company in connection with these promissory notes, details of which are set out in Note 46.

The effective interest rate of the Note A in respect of the year is 5.25% (2014: 5.25%) per annum.

(b) Promissory note issued on 29 April 2014 (the "Note B")

On 29 April 2014, the Company issued a promissory note with the principal amount of HK$123,200,000 as part of the consideration for the acquisition for approximately 10% of the issued share capital in Pure Power (Note 20(b)). The note was unsecured, carried interest at 8% per annum and was wholly payable on the date which is 12 months after the date of the issue of the promissory note.

At the end of the reporting period, the promissory note with the principal amount of HK$123,200,000 (2014: Nil) remained outstanding. Subsequent to 31 March 2015, the Company repaid the promissory note with principal amount of HK$123,200,000 together with accrued interest thereon of HK$9,856,000 for an aggregate cash consideration of HK$133,056,000.

The fair value of the Note B at the date of issue was estimated to be HK$123,200,000, based on the effective interest rate of 8% per annum.

28. PROMISSORY NOTES PAYABLE (continued)

(c) Promissory note issued on 20 May 2014 (the "Note C")

On 20 May 2014, the Company issued a promissory note with the principal amount of HK$30,000,000 as the consideration for the acquisition of 9.9% of the issued share capital in Starfame (Note 20(c)). The note was unsecured, carried interests at 8% per annum and was wholly payable on the date which was 12 months after the date of the issue of the promissory note.

During the year, the Company repaid the promissory note with the principal amount of HK$30,000,000 together with accrued interest thereon for a cash consideration of HK$30,000,000.

The fair value of the Note C at the date of issue was estimated to be HK$30,000,000, based on the effective interest rate of 8% per annum.

(d) Promissory note issued on 6 October 2014 (the "Note D")

On 6 October 2014, the Company issued a promissory note with the principal amount of HK$58,000,000 as the consideration for the acquisition of 100% of the issued share capital in Asian Champion (Note 37). The note was unsecured, carried interests at 8% per annum and was wholly payable on the date which was 12 months after the date of the issue of the promissory note.

During the year, the Company repaid the promissory note with the principal amount of HK$58,000,000 together with accrued interest thereon for a cash consideration of HK$58,000,000.

The fair value of the Note D at the date of issue was estimated to be HK$58,000,000, based on the effective interest rate of 8% per annum.

(e) Promissory notes issued on 30 January 2015 (the "Note E")

On 30 January 2015, the Company issued promissory notes with the aggregate principal amount of HK$63,750,000 as the consideration for the acquisition of 100% of the issued share capital in Platinum Plus (Note 37). The notes are unsecured, carry interests at 8% per annum and are wholly payable on the date which is 12 months after the date of the issue of promissory notes.

At the end of the reporting period, the Note E with the aggregate principal amount of HK$63,750,000 (2014: Nil) remained outstanding.

The fair value of the Note E at the date of issue was estimated to be HK$63,750,000, based on the effective interest rate of 8% per annum.

28. PROMISSORY NOTES PAYABLE (continued)

Movements of the promissory notes payable during the year are as follows:

	Note A	Note B	Note C	Note D	Note E	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 April 2013	122,000	–	–	–	–	122,000
Interest charged for the year (Note 9)	1,925	–	–	–	–	1,925
Repayments of promissory notes and interests thereof	(114,514)	–	–	–	–	(114,514)
Gain on early repayments of promissory notes (Note 8)	(4,411)	–	–	–	–	(4,411)
At 31 March 2014 and 1 April 2014	5,000	–	–	–	–	5,000
Issue of promissory notes, at fair value	–	123,200	30,000	58,000	63,750	274,950
Interest charged for the year (Note 9)	262	9,100	1,631	1,462	852	13,307
Repayments of promissory notes and interests thereof	–	–	(30,000)	(58,000)	–	(88,000)
Gain on early repayments of promissory notes (Note 8)	–	–	(1,631)	(1,462)	–	(3,093)
Interest payable on promissory notes included in other payables and accruals	(262)	–	–	–	–	(262)
At 31 March 2015	**5,000**	**132,300**	**–**	**–**	**64,602**	**201,902**

During the current year, the Company repaid the Note C and Note D with the aggregate principal amount of HK$88,000,000 (2014: HK$117,000,000) together with accrued interests thereon amounted to HK$3,093,000 (2014: HK$1,925,000) for an aggregate consideration of HK$88,000,000 (2014: HK$114,514,000), which gave rise to a gain on repayment of HK$3,093,000 (2014: HK$4,411,000) recognised in profit or loss in respect of the current year.

29. BANK AND OTHER BORROWINGS

	Effective interest rate			
	2015	2014	**2015**	2014
			HK$'000	HK$'000
Bank loans, secured (Note a)	**6.93% – 7.32%**	7.32%	**23,759**	7,861
Other borrowings, secured (Note b)	**N/A**	36%	**–**	68,000
			23,759	75,861

(a) The bank loans outstanding at 31 March 2015 and 31 March 2014 were secured by guarantees given by certain parties not connected with the Group.

(b) The other borrowings represent loans which were obtained by the Company during the year ended 31 March 2014 with the interest rate of 36% per annum and were overdue for repayment at that date. During the current year, the Company reached an agreement with the lender under which the interest rate on the loans was revised from 36% per annum to 48% per annum, effective from the date of drawdown of the loans. Such borrowings, which were secured by the pledge of the Group's 80% equity interest in Ideal Market, a subsidiary of the Company, were fully repaid during the year.

(c) At 31 March 2015, all of the Group's bank borrowings were denominated in the functional currencies of the relevant group entities. At 31 March 2014, except for the borrowings with the aggregate amount of HK$68,000,000 which are denominated in Hong Kong dollar, all of the Group's bank and other borrowings were denominated in the functional currencies of the relevant group entities.

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	HK$'000	HK$'000
Convertible notes denominated in Hong Kong dollar		
1.8m Note (Note a)	**1,933**	–

Movements during the year are as follows:

	2015	2014
	HK$'000	HK$'000
Balance at beginning of the year	**–**	133,664
Issue of 1.8m Note, at fair value	**1,800**	–
Increase in fair value of convertible notes		
– 1.8m Note	**133**	–
– 290m Notes	**–**	2,762
– 95m Notes	**–**	1,199,840
	133	1,202,602
Converted into new ordinary shares of the Company	**–**	(1,336,266)
Balance at end of the year	**1,933**	–

	2015	2014
	HK$'000	HK$'000
Total loss on change in fair value recognised in profit or loss (Note 8)	**133**	1,202,602

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes:

(a) 1.8m Note

On 29 April 2014, the Company issued a 8% convertible note with the principal amount of HK$1,800,000 (the "1.8m Note") as part of the consideration for the acquisition of approximately 10% equity interest in Pure Power. The 1.8m Note, which carries interest at 8% per annum and will mature immediately after twelve months from the date of issue, entitle the holders thereof to convert the note into new ordinary shares of the Company at an initial conversion price of HK$0.768 per share at any time from the date of issue of the notes until the third business day before the maturity date of the note. The conversion price was adjusted to HK$15.36 per share and HK$5.84 per share following the share consolidation and rights issue respectively made during the year. The 1.8m Note may be redeemed at 100% of its outstanding principal amount (in whole or in part) at the option of the Company at any time prior to the maturity date. Unless previously converted, redeemed and cancelled, the outstanding 1.8m Note will be redeemed by the Company on maturity.

The 1.8m Note, which was neither redeemed nor converted into new ordinary shares of the Company during the year, remained outstanding at 31 March 2015. Subsequent to 31 March 2015, all of the 1.8m Notes, together with interests thereon, were redeemed by the Company for a consideration of HK$1,944,000.

(b) 290m Notes

On 7 November 2011, the Company issued zero coupon convertible notes with an aggregate principal amount of HK$290,000,000 (the "290m Notes") as part of the consideration for the acquisition of 80% equity interest in and shareholders' loans to Ideal Market. Pursuant to the terms of the 290m Notes, the Notes, which will mature on 7 November 2013, entitle the holders thereof to convert the notes into new ordinary shares of the Company at any time on or after 7 November 2011 until the business day immediately preceding the maturity date. The initial conversion price in respect of the 290m Notes is calculated as the average closing price of the shares of the Company for five consecutive trading days prior to the date of conversion plus a premium of 30%, provided that the conversion price shall not in any event be more than HK$0.68 or less than HK$0.227 per share. The conversion price, which was revised to HK$11.35 per share in September 2012 as a result of the share consolidation of the Company made during the year ended 31 March 2013, was further revised to HK$2.838 per share following the share subdivision implemented by the Company in July 2013. The 290m Notes may be redeemed at 100% of its outstanding principal amount (in whole or in part) at the option of the Company at any time prior to the maturity date.

Up to 31 March 2013, the 290m Notes with an aggregate principal amount of HK$232 million were converted into approximately 1,022.03 million new ordinary shares of the Company at the conversion price of HK$0.227 per share.

During the year ended 31 March 2014, the 290m Notes with the principal amounts of HK$10,626,000 and HK$6,000,000 were converted into 936,000 and 2,114,000 new ordinary shares of the Company at the conversion price of HK$11.35 and HK$2.838 per share respectively and the 290m Notes with principal amount of HK$41,373,857 was redeemed and cancelled by the Company.

At 31 March 2015 and 31 March 2014, no 290m Notes remained outstanding.

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

(c) 95m Notes

On 26 June 2012 and 4 September 2012, the Company entered into a subscription agreement and a supplemental subscription agreement with Pacific Plywood Holdings Limited ("Pacific Plywood"), an entity the shares of which are listed on the Stock Exchange, pursuant to which convertible notes with the aggregate principal amount of HK$95 million (the "95m Notes") were issued by the Company to Pacific Plywood, giving rise to a gross proceed of HK$95 million. Pursuant to the subscription agreement, the 95m Notes, carrying interest at 8% per annum, will mature immediately after eighteen months from the date of issue and entitle the holders thereof to convert the notes into new ordinary shares of the Company at an initial conversion price of HK$0.592 per share at any time from the date of issue of the notes until the fifth business day before the maturity date of the notes. The conversion price was revised to HK$0.148 per share as a result of the share subdivision of the Company implemented during the year ended 31 March 2014. The Company is entitled to redeem the 95m Notes at 100% of their principal amount at any time prior to their maturity date.

During the year ended 31 March 2014, the 95m Notes with an aggregate principal amount of HK$95 million were converted into approximately 642 million new ordinary shares of the Company at the conversion price of HK$0.148 per share. At 31 March 2015 and 31 March 2014, no 95m Notes remained outstanding.

The fair values of the 1.8m Note at the date of issue and at end of the reporting period were determined based on the valuation conducted by LCH (Asia Pacific) Surveyors Limited ("LCH"), an independent firm of qualified professional valuers, using the binomial pricing model with key input such as share price, expected number of shares to be issued on conversion of the notes, risk-free rates, risky rates, expected dividend yield and annualized volatility. The inputs into the binomial pricing model are as follows:

	Risk-free rate	Risky rate	Expected dividend yield	Annualized volatility
	%	%	%	%
At 29 April 2014 (date of issue)	0.20	7.00	Nil	170
At 31 March 2015	**0.01**	**5.00**	**Nil**	**60**

The fair value of the 1.8m Note has been determined on Level 2 fair value measurement. There has been no change from the valuation technique used. Further, there has been no transfer between the different levels of the fair value hierarchy in respect of the fair value measurement of the 1.8m Note.

The loss on change in fair value of the 1.8m Note amounted to HK$133,000 (2014: Nil) has been recognised in the profit or loss in respect of the current year.

30. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The loss from the change in fair value of the convertible notes in respect of the year ended 31 March 2014, which represents the excess of the fair value of the 290m Notes and 95m Notes at the respective dates of conversion over their carrying amounts at 1 April 2013, amounted to an aggregate of HK$1,202,602,000 which has been recognised in the profit or loss in respect of that year.

The fair values of the 290m Notes at dates of conversion were determined based on the valuations conducted by LCH, an independent firm of business and financial services valuers, using the "Prepaid Forward Contract" pricing model with key inputs such as share price, expected number of shares to be issued on conversion of the notes, and the dilution effect thereon to the issued shares of the Company.

The fair values of the 95m Notes at dates of conversion were determined based on the valuation conducted by LCH using the binomial pricing model with key input such as share price, expected number of shares to be issued on conversion of the notes, risk-free rates, risky rates, expected dividend yield and annualized volatility. The inputs into the binomial pricing model were as follows:

	Risk-free rate	**Risky rate**	**Expected dividend yield**	**Annualized volatility**
	%	%	%	%
At dates of conversion				
– 18 July 2013	0.25	6.98	Nil	70
– 5 August 2013	0.20	6.58	Nil	82
– 30 August 2013	0.18	6.56	Nil	86
– 18 October 2013	0.17	6.62	Nil	72
– 5 November 2013	0.18	6.63	Nil	74
– 4 December 2013	0.12	6.72	Nil	77
– 24 December 2013	0.12	6.72	Nil	33
– 3 January 2014	0.12	6.72	Nil	33

31. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 31 March 2013	100,000,000	1,000,000
Share subdivision (Note a)	300,000,000	–
Share subdivision (Note b)	1,600,000,000	–
Ordinary shares of HK$0.0005 each at 31 March 2014 and 1 April 2014	2,000,000,000	1,000,000
Share consolidation (Note h)	(1,900,000,000)	–
Ordinary shares of HK$0.01 each at 31 March 2015	**100,000,000**	**1,000,000**

	Number of shares '000	Nominal amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 31 March 2013	55,395	554
Issue of shares on conversion of convertible notes (Note c)	936	9
Share subdivision (Note a)	168,993	–
Issue of shares on conversion of convertible notes (Note d)	2,114	6
Issue of shares on conversion of convertible notes (Note e)	641,892	1,605
Issue of shares on subscription of shares (Note f)	12,800	32
Issue of shares on placement of shares (Note g)	45,680	114
Share subdivision (Note b)	3,711,239	–
Ordinary shares of HK$0.0005 each at 31 March 2014 and 1 April 2014	4,639,049	2,320
Issue of shares on placement of shares (Note i)	180,000	90
Share consolidation (Note h)	(4,578,097)	–
Issue of shares on placement of shares (Note j)	48,190	482
Issue of shares on rights issue (Note k)	2,313,143	23,131
Ordinary shares of HK$0.01 each at 31 March 2015	**2,602,285**	**26,023**

31. SHARE CAPITAL (continued)

Notes:

(a) On 28 June 2013, the Company proposed to implement a share subdivision scheme on the basis that every issued and unissued share of HK$0.01 each in the share capital of the Company were subdivided into four subdivided shares of HK$0.0025 each. The share subdivision was effected on 18 July 2013.

(b) On 15 January 2014, the Company proposed to implement a share subdivision scheme on the basis that every issued and unissued share of HK$0.0025 each in the share capital of the Company were subdivided into five subdivided shares of HK$0.0005 each. The share subdivision was effected on 5 February 2014.

(c) Portion of the 290m Notes (see Note 30) were converted into new shares of HK$0.01 each of the Company during the year ended 31 March 2014 at the conversion price of HK$11.35 per share, as follows:

Date of conversion	Principal amount of the 290m Notes converted	Number of ordinary shares issued
	HK$'000	'000
13 June 2013	10,626	936

(d) Portion of the 290m Notes (see Note 30) were converted into new shares of HK$0.0025 each of the Company during the year ended 31 March 2014 at the conversion price of HK$2.838 per share, as follows:

Date of conversion	Principal amount of the 290m Notes converted	Number of ordinary shares issued
	HK$'000	'000
27 September 2013	4,000	1,409
7 November 2013	2,000	705
	6,000	2,114

31. SHARE CAPITAL (continued)

Notes: (continued)

(e) The 95m Notes (see Note 30) were converted into new shares of HK$0.0025 each of the Company during the year ended 31 March 2014 at the conversion price of HK$0.148 per share, as follows:

Date of conversion	Principal amount of the 95m Notes converted	Number of ordinary shares issued
	HK$'000	'000
18 July 2013	8,835	59,696
5 August 2013	5,920	40,000
30 August 2013	11,840	80,000
18 October 2013	8,880	60,000
5 November 2013	11,840	80,000
4 December 2013	12,685	85,709
24 December 2013	21,000	141,892
3 January 2014	14,000	94,595
	95,000	641,892

(f) On 22 August 2013, the Company entered into a subscription agreement with a subscriber, under which 12,800,000 new ordinary shares of the Company were issued at a price of HK$1.13 per share on 28 August 2013, giving rise to a gross proceeds of HK$14,464,000 (before expenses).

(g) On 18 November 2013, the Company entered into a placement agreement with a financial institution, under which 45,680,000 new ordinary shares of the Company were issued at a price of HK$2.01 per share on 16 December 2013, giving rise to a gross proceeds of approximately HK$91,817,000 (before expenses).

(h) On 20 August 2014, the Company proposed to implement a share consolidation scheme on the basis that every twenty issued and unissued shares of HK$0.0005 each in the share capital of the Company were consolidated into one consolidated share of HK$0.01 each. The share consolidation was effected on 3 October 2014.

(i) On 27 May 2014, the Company entered into a placing agreement with a placing agent, under which 180,000,000 new ordinary shares of the Company were issued at a price of HK$0.107 per share on 3 June 2014, giving rise to a gross proceeds of HK$19,260,000 (before expenses).

(j) On 12 November, 19 November and 27 November 2014, the Company entered into a placing agreement, an supplementary agreement and a second supplementary agreement with a placing agent respectively, under which 48,190,489 new ordinary shares of the Company were issued at a price of HK$0.66 per share on 3 December 2014, giving rise to a gross proceeds of approximately HK$31,806,000 (before expenses).

(k) On 12 November 2014, the Company proposed to implement a rights issue of the new shares of the Company at the subscription price of HK$0.195 per rights share on the basis of eight rights shares for every one existing share held in issue. In January 2015, 2,313,143,472 new shares of HK$0.01 each were issued by the Company pursuant to the terms of the rights issue, giving rising to a gross proceeds of approximately HK$451,063,000 (before expenses) to repay debts payable by the Company and to increase the working capital of the Group.

All the new ordinary shares issued and allotted during both of the years presented rank pari passu in all respect with the then existing ordinary shares of the Company.

32. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the "New Scheme") to override the share option scheme dated 23 August 2002 (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

A summary of the New Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the New Scheme and the percentage of the issued share capital that it represents as at the date of the approval of these consolidated financial statements	629,418 ordinary shares of HK$0.01 each and approximately 0.02% of the issued share capital.

32. SHARE OPTION SCHEME (continued)

Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting. Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the relevant class of shares in issue; and (b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000, such grant or further grant of options must be approved by the shareholders in a general meeting.
Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.

32. SHARE OPTION SCHEME (continued)

Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.
The remaining life of the New Scheme	The New Scheme remains in force until 30 August 2021.

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

Movements of share options granted

No share options were granted, exercised, lapsed or cancelled under the New Scheme and the Old Scheme during the years ended 31 March 2015 and 31 March 2014 and no share options were outstanding as at those dates.

33. UNCONVERTIBLE BONDS

Movements in the unconvertible bonds during the year are as follows:

	2015	2014
	HK$'000	HK$'000
At the beginning of the year	20,168	20,000
Interest charges for the year (Note 9)	1,129	1,122
Interest paid during the year	(1,000)	(1,000)
Interest payable reclassified from accrued charges	–	46
At end of the year	20,297	20,168

In July 2012 and October 2012, the Company issued unconvertible bonds with the aggregate principal amounts of HK$20,000,000 giving rise to a total proceeds of HK$20,000,000 (before expenses). The unconvertible bonds, which are unsecured and carry interest at 5% per annum, are wholly repayable by the Company on the maturity date of 31 May 2017 at the principal amount. At 31 March 2015, the unconvertible bonds with the principal amount of HK$20,000,000 (2014: HK$20,000,000) remained outstanding. The effective interest rate of the unconvertible bonds in respect of the year ranged from 5.55% to 5.65% per annum (2014: ranged from 5.55% to 5.65% per annum).

34. DEFERRED TAXATION

The following are the major deferred tax liabilities recognised and movements thereon during the current year.

	Fair value adjustments on business combination HK$'000	Change in fair value of available-for-sale investments HK$'000	Undistributed earnings of PRC subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 April 2013	9,157	–	67	–	9,224
Credited to profit or loss (Note 13)	(1,088)	–	(67)	–	(1,155)
Exchange realignment	1	–	–	–	1
At 31 March 2014 and 1 April 2014	8,070	–	–	–	8,070
Credited to profit or loss (Note 13)	(1,074)	–	112	–	(962)
Credited to other comprehensive income (Note 13)	–	15,633	–	(1,473)	14,160
Exchange realignment	18	–	–	–	18
At 31 March 2015	**7,014**	**15,633**	**112**	**(1,473)**	**21,286**

Under the EIT Law of the PRC, withholding income tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred tax in respect of temporary differences attributable to the retained earnings of the PRC subsidiaries from 1 January 2008 amounted to HK$ 112,000 (2014: HK$ Nil) has been recognised in the consolidated financial statements.

At the end of the reporting period, the Group had unused tax losses of approximately HK$8,927,000 (2014: HK$5,228,000) available for offset against future profits. Deferred tax asset amounted to HK$1,473,000 (2014: Nil) has been recognised in respect of the unused tax losses. No deferred tax asset has been recognised in prior years in respect of the tax losses due to the unpredictability of future profit streams.

35. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant Income of HK$25,000 before 1 June 2014 and HK$30,000 thereafter. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2015 (2014: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2015 and 2014.

36. COMMITMENTS

(a) Capital commitments

	2015	2014
	HK$'000	HK$'000
Commitment contracted and not provided for:		
Acquisition of investment	–	125,000
Acquisition of motor vessel	–	4,000
	–	129,000

36. COMMITMENTS (continued)

(b) Operating lease commitments

The Group as lessee

The Group rented certain office premises and warehouses under operating lease arrangements, with the leases negotiated for a term within one to two years (2014: within one to three years).

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

	2015	2014
	HK$'000	HK$'000
Within one year	**392**	943

37. ACQUISITION OF SUBSIDIARIES

On 6 October 2014, for the purpose of engaging in internet related business, the Group acquired 100% equity interests in Asian Champion from a third party for an aggregate consideration of HK$58,000,000, which was satisfied by the promissory note with the principal amount of HK$58,000,000 payable by the Company. Asian Champion, through its 90% equity owned subsidiary, is engaged in the provision of internet online services in Hong Kong relating to product sales and marketing and web maintenance.

On 30 January 2015, for the purpose of development of internet related business, the Group acquired 100% equity interests in Platinum Plus from a third party for a consideration of RMB51,000,000 (equivalent to HK$63,750,000), which was satisfied by the promissory notes with an aggregate principal amount of HK$63,750,000 payable by the Company. Platinum Plus, through its wholly-owned subsidiaries, is engaged in the provision of internet online services in the PRC relating to product sales and marketing and web maintenance.

37. ACQUISITION OF SUBSIDIARIES (continued)

The acquisitions have been accounted for by business combination using the purchase method. The effect of the acquisitions is summarised as follows:

Consideration transferred

	Asian Champion HK$'000	**Platinum Plus** HK$'000	**Total** HK$'000
Consideration paid by issue of promissory notes, at fair value	58,000	63,750	121,750

Acquisition-related costs amounting to approximately HK$1,516,000 (Asian Champion: HK$599,000 and Platinum Plus: HK$917,000) have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition

	Asian Champion HK$'000	**Platinum Plus** HK$'000	**Total** HK$'000
Non-current assets			
Property, plant and equipment	–	876	876
Current assets			
Trade and bills receivables	1,000	158	1,158
Other receivables, prepayments and deposits paid	1	89	90
Bank balance and cash	21	188	209
Current liabilities			
Trade and bills payables	(344)	–	(344)
Other payables and accruals	(2,014)	(1,309)	(3,323)
	(1,336)	2	(1,334)

The receivables acquired in these transactions had gross amount of HK$1,158,000. No contractual cash flows from these receivables are expected not to be collected.

37. ACQUISITION OF SUBSIDIARIES (continued)

Goodwill arising on acquisition

	Asian Champion HK$'000	Platinum Plus HK$'000	Total HK$'000
Consideration attributable to acquisition	58,000	63,750	121,750
Net liabilities assumed/(assets acquired)	1,336	(2)	1,334
Non-controlling interests	(133)	–	(133)
Goodwill arising on acquisition	59,203	63,748	122,951

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash inflow on acquisition of subsidiaries

	Asian Champion HK$'000	Platinum Plus HK$'000	Total HK$'000
Consideration paid in cash	–	–	–
Bank balances and cash acquired	21	188	209
Cash inflow on acquisition of subsidiaries	21	188	209

Impact of acquisitions on the results of the Group

Included in the loss for the year is profit of HK$4,267,000 and HK$149,000 attributable to the businesses undertaken by Asian Champion and Platinum Plus respectively. Revenue for the year includes HK$10,822,000 and HK$423,000 in respect of Asian Champion and Platinum Plus respectively.

Had these business combinations been effected at 1 April 2014, the revenue of the Group from continuing operations would have been HK$54,488,000, and the loss for the year from continuing operations would have been HK$151,334,000. The directors of the Company consider these 'pro-forma' numbers to represent an approximate measure of the performance of the combined group on an annualized basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and loss of the Group had Asian Champion and Platinum Plus been acquired at the beginning of the current year, the directors have calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

38. DISPOSAL OF SUBSIDIARIES

As referred to in Note 14, the Group completed the disposal of the Disposed Group on 10 April 2013 for a cash consideration of HK$2 million.

Consideration received

	2014
	HK$'000
Consideration received in cash	2,000

Analysis of assets and liabilities at the date of disposal over which control was lost

	2014
	HK$'000
Assets classified as held for sale	
Property, plant and equipment	14,740
Investment property	15,820
Prepaid lease payments	1,082
Inventories	4,976
Trade and bills receivables	6,599
Other receivables, prepayments and deposits paid	3,430
Tax recoverable	21
Bank balance and cash	7,531
	54,199
Less: Impairment loss recognised	(24,644)
	29,555
Liabilities associated with assets classified as held for sale	
Trade and bills payables	(6,516)
Other payables and accruals	(5,612)
Bank and other borrowings	(9,999)
Tax payable	(4,336)
Obligations under finance leases	(414)
	(26,877)
Net assets disposed of	2,678

38. DISPOSAL OF SUBSIDIARIES (continued)

Gain on disposal of subsidiaries

	2014 HK$'000
Consideration received	2,000
Net assets disposed of	(2,678)
Cumulative exchange gains in respect of the net assets of the subsidiaries	26,624
Gain on disposal of subsidiaries	25,946

Net cash outflow on disposal of subsidiaries

	2014 HK$'000
Cash consideration received	2,000
Less: Deposit received in prior year	(1,000)
Cash consideration received in the year	1,000
Less: Bank balances and cash disposed of	(7,531)
Add: Bank overdraft included in bank and other borrowings	403
Net cash outflow on disposal of subsidiaries	(6,128)

39. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2015,

(i) the Group acquired each of 100% equity interests in Asian Champion and Platinum Plus for consideration of HK$58,000,000 and HK$63,750,000 respectively which were satisfied by the promissory notes issued by the Company, details of which are set out in Note 37.

(ii) the Group acquired 10% and 9.9% of the issued share capital of Pure Power and Starfame for consideration of HK$125,000,000 and HK$30,000,000 respectively which were satisfied by the convertible notes and/or promissory notes issued by the Company, details of which are set out in Notes 20(b) and 20(c) respectively.

(b) During the year ended 31 March 2014, as referred to in Notes 30(b) and 30(c), the 290m Notes and 95m Notes with the principal amounts of HK$16,626,000 and HK$95,000,000 respectively were converted into new ordinary shares of the Company.

40. PLEDGE OF ASSETS

At the end of the reporting date, the Group had restricted deposits amounted to HK$5,877,000 (2014: HK$11,767,000) which were placed with a bank to secure bills issued by the Group which remained unsettled at that date.

At 31 March 2014, 80% equity interest in Ideal Market, a subsidiary of the Company, had been pledged to secure the Group's borrowings granted by a third party. The net carrying amount of the assets (including the goodwill on acquisition referred to in Note 18) less liabilities of Ideal Market and its subsidiaries at 31 March 2014, as included in the Group's net assets as at that date, is approximately HK$177,547,000. The borrowings were repaid during the current year and the pledge of assets was released.

41. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

(a) Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	2015	2014
	HK$'000	HK$'000
Short-term employee benefits	**2,503**	2,025
Post-employment benefits	**843**	965
Total compensation paid to key management personnel	**3,346**	2,990

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in Note 11.

(b) As referred to in Note 14, during the year ended 31 March 2014, the Company disposed of 100% equity interests in and shareholders' loans made to the Disposed Group to Nature Ample Limited, which is wholly owned by Mr. Lau Ching Yim, a former director of the Company, for a cash consideration of HK$2,000,000.

42. 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 debt and equity balance. The Group's overall strategy remains unchanged from that of the prior year.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings, financial liabilities designated at FVTPL, unconvertible bonds less the aggregate of restricted bank deposits, cash deposits held by securities brokers and bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

The Group reviews the capital structure on a regular basis and manages its capital structure and makes adjustments to it in light of changes in economic conditions.

The Group monitors capital using a gearing ratio, which is net debt divided by the total of capital and net debt.

	2015	2014
	HK$'000	HK$'000
Trade and bills payables	**7,064**	22,887
Other payables and accruals	**41,944**	47,570
Promissory notes payable	**201,902**	5,000
Bank and other borrowings	**23,759**	75,861
Financial liabilities designated at FVTPL	**1,933**	–
Unconvertible bonds	**20,297**	20,168
Less: Restricted bank deposits, cash deposits held by securities brokers and bank balances and cash	**(256,781)**	(22,370)
Net debt	**40,118**	149,116
Equity attributable to owners of the Group	**582,248**	153,437
Capital and net debt	**622,366**	302,553
Gearing ratio	**6%**	49%

43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amount of the Group's financial assets and liabilities as recognised at the end of each reporting period are categorised as follows:

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investments	274,248	64,954
Loan and receivables		
Trade and bills receivables	16,795	3,944
Other receivables and deposits paid	14,415	20,115
Restricted bank deposits	5,877	11,767
Cash deposits held by securities brokers	36,574	–
Bank balances and cash	214,330	10,603
	562,239	111,383
Financial liabilities		
Financial liabilities at amortised cost		
Trade and bills payables	7,064	22,887
Other payables and accruals	41,944	47,570
Promissory notes payable	201,902	5,000
Bank and other borrowings	23,759	75,861
Unconvertible bonds	20,297	20,168
	294,966	171,486
Financial liabilities designated at FVTPL		
Convertible notes	1,933	–
	296,899	171,486

43. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade and bills receivables, other receivables and deposits paid, restricted bank deposits, cash deposits held by securities brokers, bank balances and cash, trade and bills payables, other payables and accruals, promissory notes payable, bank and other borrowings, financial liabilities designated at FVTPL, and unconvertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group does not enter into or trade derivative instruments for speculative purposes. There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cash flows. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are transacted in the PRC with their functional currency of RMB.

For the two years ended 31 March 2015 and 2014, the Group mainly earned revenue in HK$ and RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

43. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(i) Currency risk (continued)

The monetary assets and monetary liabilities of the Group at the end of reporting date denominated in currencies other than functional currencies of the related entities are as follows:

	2015	2014
	HK$'000	HK$'000
Assets		
HK$	**211,692**	8,333
Liabilities		
HK$	**224,908**	106,876

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after income tax expense in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances of assets and liabilities of the group entities where the denomination of these balances is in a currency other than the functional currencies of these entities. A positive number below indicates a decrease in loss for the year where the functional currency strengthens against the relevant currency. For a weakening of the functional currency against the relevant currency, there would be an equal and opposite impact on the loss for the year, and the balances below would be negative.

43. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(i) Currency risk (continued)

Sensitivity analysis (continued)

	2015	2014
	HK$'000	HK$'000
HK$		
Sensitivity rate	**5%**	5%
Profit or loss	**661**	4,927

(ii) Other price risks

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

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices has been 5% higher/lower (2014: Nil), other comprehensive income for the year ended 31 March 2015 would increase/decrease by HK$5,326,000 (2014: Nil) as a result of the changes in fair value of available-for-sale investments.

43. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(iii) Fair value and cash flow interest rate risk

The Group has restricted bank deposits, cash deposits held by securities brokers, bank balances, bills payable, bank borrowings, promissory notes payable, convertible notes and unconvertible bonds which bear interest and are therefore exposed to interest rate risk. Restricted bank deposits, cash deposits held by securities brokers, bank balances and bank borrowings bearing at variable rates expose the Group to cash flow interest-rate risk. Promissory notes payable, convertible notes, unconvertible bonds and other borrowings bearing at fixed rates expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk.

Assuming the restricted bank deposits, cash deposits held by securities brokers, bank balances and bank borrowings with variable rates outstanding at the end of the reporting period were outstanding for the whole year if interest rates had increased by 100 basis points (2014: 100 basis points) and all other variables held constant, there was a decrease in post-tax loss by approximately HK$338,000 (2014: an increase by HK$124,000). If interest rates had decreased by 100 basis points (2014: 100 basis points), there would be an equal but opposite impact on the results for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

43. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

The carrying amounts of the trade and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, it is the Group's policy to review regularly the recoverable amount of trade and other receivables to ensure that adequate impairment provisions are made against the irrecoverable amounts. Trade receivables consist of a number of customers, spread across diverse industries and geographical areas.

As at 31 March 2015, the Group has concentration of credit risk as 39% (2014: 81%) and 52% (2014: 100%) of the total trade and bills receivables were due from the Group's largest and the five largest customers respectively.

At 31 March 2015, the Group has also significant concentration of credit risk arising from the advances to staff and a PRC individual with the carrying amounts of HK$1,969,000 (2014: HK$1,041,000) and HK$6,000,000 (2014: HK$17,658,000) respectively included in other receivables (Note 23) and cash deposits of HK$36,574,000 (2014: Nil) held by securities brokers (Note 24).

The credit risk on liquid funds of bank deposits is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC.

43. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

The following table details the Group's remaining contractual maturity for its non-derivative and derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities in accordance with the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity is managed on a net asset and liability basis.

The amounts included below for variable interest rate instruments for both non-derivative financial assets and liabilities are subject to change if changes in variable interest rates different to those estimates of interest rates determined at end of the reporting period.

43. FINANCIAL INSTRUMENTS (continued)

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

The Group

	Within 3 months or on demand HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2015					
Non-derivative financial assets					
Available-for-sale investments	–	–	274,248	274,248	274,248
Trade and bills receivables	16,795	–	–	16,795	16,795
Other receivables and deposits paid	14,415	–	–	14,415	14,415
Restricted bank deposits	1,260	4,674	–	5,934	5,877
Cash deposits held by securities brokers	36,575	–	–	36,575	36,574
Bank balances and cash	214,518	–	–	214,518	214,330
	283,563	4,674	274,248	562,485	562,239
Non-derivative financial liabilities					
Trade and bills payables	7,064	–	–	7,064	7,064
Other payables and accruals	41,944	–	–	41,944	41,944
Promissory notes payable	138,056	68,850	–	206,906	201,902
Bank and other borrowings	16,211	8,196	–	24,407	23,759
Unconvertible bonds	–	1,000	21,771	22,771	20,297
	203,275	78,046	21,771	303,092	294,966
Derivative financial liabilities					
Financial liabilities designated at FVTPL (Note)	1,944	–	–	1,944	1,933
As at 31 March 2014					
Non-derivative financial assets					
Available-for-sale investments	–	–	64,954	64,954	64,954
Trade and bills receivables	3,944	–	–	3,944	3,944
Other receivables and deposits paid	20,115	–	–	20,115	20,115
Cash deposits held by securities brokers	–	–	–	–	–
Restricted bank deposits	11,857	–	–	11,857	11,767
Bank balances and cash	10,612	–	–	10,612	10,603
	46,528	–	64,954	111,482	111,383
Non-derivative financial liabilities					
Trade and bills payables	22,887	–	–	22,887	22,887
Other payables and accruals	47,570	–	–	47,570	47,570
Promissory notes payable	5,000	–	–	5,000	5,000
Bank and other borrowings	68,144	8,293	–	76,437	75,861
Unconvertible bonds	–	1,000	22,771	23,771	20,168
	143,601	9,293	22,771	175,665	171,486
Derivative financial liabilities					
Financial liabilities designated at FVTPL	–	–	–	–	–

43. FINANCIAL INSTRUMENTS (continued)

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

Note: It represents the principal amount of the convertible note together with interests thereon which will be payable by the Company on redemption of the note upon its maturity on the assumption that there are no redemption or conversion of the convertible note (classified as financial liabilities designated at FVTPL) before its maturity date.

(c) Fair value measurement

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

Included in the Group's financial assets and financial liabilities are listed available-for-sale investments and the convertible bonds designated at FVTPL which are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation technique(s) and input used.

	Fair value as at 31 March		**Fair value hierarchy**	**Valuation technical(s) and key inputs**
	2015	2014		
	HK$'000	HK$'000		
Financial assets				
Listed available-for-sale investments (Note 20)	**127,586**	–	Level 1	Quoted bid prices in an active market
Financial liabilities				
Financial liabilities designated at FVTPL (Note 30)	**1,933**	–	Level 2	Binomial pricing model (Note 30)

There were no transfer of the financial liabilities between the levels in both of the years presented.

43. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities at amortised cost in the consolidated financial statements approximate their fair values. The fair values, which are included in Level 3 categories, have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflect the credit risk of counterparties.

(iii) Reconciliation of Level 3 fair value measurements

The financial assets and financial liabilities at FVPTL are measured at fair value on Level 1 and Level 2 fair value measurement respectively. Reconciliation of Level 3 fair value measurements is not presented.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Investments in subsidiaries	a	**273,673**	175,838
Available-for-sale investments		**182,898**	64,954
		456,571	240,792
Current assets			
Amounts due from subsidiaries	b	**76,138**	11,723
Cash deposits held by securities brokers		**1,170**	–
Bank balances and cash		**210,519**	8,333
		287,827	20,056
Assets classified as held for sale		**65,092**	–
		352,919	20,056
Current liabilities			
Other payables and accruals		**1,640**	13,708
Promissory notes payable		**201,902**	5,000
Bank and other borrowings		**–**	68,000
Financial liabilities designated at fair value through profit or loss		**1,933**	–
		205,475	86,708
Liabilities directly associated with assets classified as held for sale		**20,600**	–
		226,075	86,708
Net current assets/(liabilities)		**126,844**	(66,652)
		583,415	174,140

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital		**26,023**	2,320
Share premium and reserves	c	**534,279**	151,652
		560,302	153,972
Non-current liabilities			
Unconvertible bonds		**20,297**	20,168
Deferred tax liabilities		**2,816**	–
		23,113	20,168
		583,415	174,140

Notes:

(a) Investments in subsidiaries

	2015 HK$'000	2014 HK$'000
Unlisted investments, at cost	**733,184**	610,214
Less: Impairment losses recognised	**(459,511)**	(434,376)
	273,673	175,838

(b) Amounts due from subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Notes: (continued)

(c) Share premium and reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	493,391	62,604	–	5,661	464	(433,133)	128,987
Loss for the year	–	–	–	–	–	(1,414,830)	(1,414,830)
Other comprehensive expense							
Exchange difference arising on translation of foreign operations	–	–	–	(1,095)	–	–	(1,095)
Total comprehensive expense for the year	–	–	–	(1,095)	–	(1,414,830)	(1,415,925)
Issue of shares on conversion of convertible notes	1,334,646	–	–	–	–	–	1,334,646
Issue of shares upon subscription of shares	14,432	–	–	–	–	–	14,432
Issue of shares upon placement of shares	91,703	–	–	–	–	–	91,703
Share issue expenses	(2,191)	–	–	–	–	–	(2,191)
At 31 March 2014 and 1 April 2014	1,931,981	62,604	–	4,566	464	(1,847,963)	151,652
Loss for the year	–	–	–	–	–	(109,571)	(109,571)
Other comprehensive (expense)/income							
Exchange difference arising on translation of foreign operations	–	–	–	(28)	–	–	(28)
Increase in fair value of available-for-sale investments, net of income tax	–	–	19,481	–	–	–	19,481
Total comprehensive income/(expense) for the year	–	–	19,481	(28)	–	(109,571)	(90,118)
Issue of shares upon placement of shares	50,494	–	–	–	–	–	50,494
Issue of shares upon rights issue	427,932	–	–	–	–	–	427,932
Share issue expenses	(5,681)	–	–	–	–	–	(5,681)
At 31 March 2015	**2,404,726**	**62,604**	**19,481**	**4,538**	**464**	**(1,957,534)**	**534,279**

Note: The contributed surplus of the Company at 31 March 2015 and 31 March 2014 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

45. SUBSIDIARIES

Details of the Group's subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2015 %	2014 %	**2015 %**	2014 %	**2015 %**	2014 %	
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Investment holding
Gold Castle Group Limited	British Virgin Islands ("BVI")	Ordinary shares	US$1	**100**	100	**–**	–	**100**	100	Investment holding
Top Jumbo International Limited	BVI	Ordinary shares	US$1	**100**	100	**–**	–	**100**	100	Investment holding
Ideal Market	BVI	Ordinary shares	US$300	**80**	80	**–**	–	**80**	80	Investment holding
Union New Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Long Great International Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Topbright International Group Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**80**	80	**80**	80	Investment holding
Xiangshan Gaoming Environmental Protection Technology Limited[1]	PRC	Registered capital	US$100,000	**–**	–	**80**	80	**80**	80	Investment holding
Suzhou Baina Renewable Resources Yancheng Co., Ltd[2]	PRC	Registered capital	RMB1,876,640	**–**	–	**80**	80	**80**	80	Waste paper, scrap metals and consumable wastes recycling
Huaian Bai Run Renewable Resources Co. Ltd[2]	PRC	Registered capital	RMB1,000,000	**–**	–	**80**	80	**80**	80	Waste paper, scrap metals and consumable wastes recycling
Suzhou Baina Renewable Resources Co., Ltd[2]	PRC	Registered capital	RMB10,000,000	**–**	–	**80**	80	**80**	80	Waste paper, scrap metals and consumable wastes recycling and trading of petrochemical products
Asian Champion	BVI	Ordinary shares	US$50,000	**100**	–	**–**	–	**100**	–	Investment holding
HKOMall Limited	Hong Kong	Ordinary shares	HK$10,000	**–**	–	**90**	–	**90**	–	Provision of internet online services relating to product sales and marketing and web maintenance
Platinum Plus	BVI	Ordinary shares	US$100	**100**	–	**–**	–	**100**	–	Investment holding
Ritz Healthcare Management Services (HK) Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	–	**100**	–	Investment holding
Ritz Trading (Shanghai) Co., Ltd.[1]	PRC	Registered capital	HK$1,000,000	**–**	–	**100**	–	**100**	–	Provision of internet online services relating to product sales and marketing and web maintenance
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK$1	**100**	–	**–**	–	**100**	–	Securities investment

45. SUBSIDIARIES (continued)

Notes:

1 The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC laws

2 The subsidiaries are registered as limited liability enterprises under the PRC laws

Except for Ideal Market, Asian Champion and Platinum Plus, which are operating in Hong Kong, all of the places of operations of the subsidiaries are the same as their places of incorporation/registration.

The English names of certain of the companies referred to above in this note represent management's best efforts in translating the Chinese names of these companies as no English names have been registered or available.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests.

Name of company	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss)/profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	**2015**	2014	**2015**	2014
		%	%	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Ideal Market	(Note a)	**20**	20	**(3,713)**	(8,306)	**(6,841)**	(3,124)
HKOMall Limited ("HKOMall")	(Note b)	**10**	–	**427**	–	**293**	–
				(3,286)	(8,306)	**(6,548)**	(3,124)

Notes:

a) Ideal Market was incorporated in the BVI and, through its subsidiaries, is principally engaged in waste paper, scrap metals and consumable wastes recycling and trading of petrochemical products in the PRC.

b) HKOMall was incorporated in Hong Kong and is principally engaged in the provision of internet online services relating to product sales and marketing and web maintenance.

45. SUBSIDIARIES (continued)

Summarised financial information in respect of each of the Group's subsidiaries at 31 March 2015 that has material non-controlling interests is set out below. The summarised financial Information below represents amount before intergroup eliminations.

(a) Ideal Market

	31 March 2015 HK$'000	31 March 2014 HK$'000
Current assets	**21,137**	41,168
Non-current assets	**34,678**	40,520
Current liabilities	**(82,894)**	(89,238)
Non-current liabilities	**(7,126)**	(8,070)
Equity attributable to owners of the Company	**(27,364)**	(12,496)
Non-controlling interests	**(6,841)**	(3,124)

45. SUBSIDIARIES (continued)

(a) Ideal Market (continued)

	Year ended 31 March 2015 HK$'000	Year ended 31 March 2014 HK$'000
Revenue	**41,465**	59,808
Expenses	**(60,030)**	(101,336)
Loss for the year	**(18,565)**	(41,528)
Loss attributable to:		
– owners of the Company	**(14,852)**	(33,222)
– non-controlling interests	**(3,713)**	(8,306)
Loss for the year	**(18,565)**	(41,528)
Total comprehensive expense attributable to:		
– owners of the Company	**(14,874)**	(32,687)
– non-controlling interests	**(3,718)**	(8,183)
Total comprehensive expense for the year	**(18,592)**	(40,870)
Net cash (outflow)/inflow from operating activities	**(22,330)**	29,478
Net cash inflow/(outflow) from investing activities	**6,087**	(11,914)
Net cash inflow/(outflow) from financing activities	**15,894**	(16,835)
Net cash (outflow)/inflow	**(349)**	729

45. SUBSIDIARIES (continued)

(b) HKOMall

	31 March 2015 HK$'000
Current assets	11,817
Non-current assets	–
Current liabilities	(8,886)
Non-current liabilities	–
Equity attributable to owners of the Company	2,638
Non-controlling interests	293

45. SUBSIDIARIES (continued)

(b) HKOMall (continued)

	Year ended 31 March 2015 HK$'000
Revenue	10,822
Expenses	(6,555)
Profit for the year	4,267
Profit attributable to:	
– owners of the Company	3,840
– non-controlling interests	427
Profit for the year	4,267
Total comprehensive income attributable to:	
– owners of the Company	3,840
– non-controlling interests	427
Total comprehensive income for the year	4,267
Net cash outflow from operating activities	(21)
Net cash outflow	(21)

46. LITIGATION

In July 2013, a writ of summons was issued by a third party, First Federal Capital Limited ("FFCL"), to the Company claiming for (i) the registration of transfer of the promissory note with the principal amount of HK$5,000,000, which was issued by the Company to All Prosper Group Limited (the "Note Holder"), from the Note Holder to FFCL and (ii) the repayment of the promissory note together with interests and costs. The promissory note has been recognised as liabilities of the Group, accordingly, the directors are of the opinion that the litigation will not give rise to a significant impact on the consolidated financial statements.

47. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

(a) In April and May 2015, the Group acquired 14,400,000 shares in iONE Holdings Limited, 51,000,000 shares in SunCorp Technologies Limited, 69,384,000 shares in L&A International Holdings Limited and 44,040,000 shares in GreaterChina Professional Services Limited, for total consideration of HK$10,003,800, HK$61,440,000, HK$112,716,080 an HK$23,863,200 respectively. The shares acquired are listed on the Hong Kong Stock Exchange.

(b) In April 2015, the Company entered into a placing agreement with a placing agent, Southwest Securities (HK) Brokerage Limited, pursuant to which the placing agent has conditionally agreed to procure placements, on a best effort basis, of up to 520,000,000 new shares of the Company at the placing price of HK$0.245 per share, representing a discount of approximately 18.33% the closing price of HK$0.3000 per share as quoted on the Stock Exchange on 20 April 2015, being the date of the agreement. The placing was completed in May 2015 and the Company issued 520,000,000 new shares at the price of HK$0.245 per share, giving rise to a gross proceed of HK$127,400,000 (before expenses).