大中華金融控股有限公司

GREATER CHINA FINANCIAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)
(formerly known as Greater China Holdings Limited)

(Stock Code: 431)

ANNUAL REPORT 2015

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Corporate Information

Executive Directors

Mr. Shao Yonghua *(Chairman)*
Mr. Chen Ningdi *(Chief Executive Officer)*
Ms. Chan Siu Mun

Non-executive Directors

Mr. Joseph Shie Jay Lang
Ms. Ma Xiaoling

Independent Non-executive Directors and Audit Committee

Mr. Jin Bingrong
Mr. Kwan Kei Chor
Dr. Rui Mingjie

Company Secretary

Ms. Chan Siu Mun

Auditor

HLM CPA Limited
Certified Public Accountants

Principal Bankers

Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Taicang Rural Commercial Bank

Legal Advisors

Iu, Lai & Li Solicitors & Notaries

Head Office and Principal Place of Business

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Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Share Registrar and Transfer Office in Bermuda

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Stock Code

431

Website

http://www.irasia.com/listco/hk/greaterchina/index.htm

On behalf of the board (the "Board") of directors (the "Directors") of Greater China Financial Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I would like to present the annual report for the year ended 31 December 2015.

Review of Operations

For the year ended 31 December 2015, the Group's revenue and net profit was HK$115,956,000 (2014: HK$55,133,000) and HK$116,130,000 (2014: loss of HK$19,394,000). The revenue is mainly contributed by the newly acquired pawnshop operations of HK$102,305,000 (2014: N/A) while revenue from the warehouse operation remained stable at HK$13,651,000 (2014:HK$12,975,000). No revenue from general trading was resulted in the current year (2014:HK$42,158,000).

The performance of pawnshop operation is satisfactory and its management team is striving to substantiate a healthy growth of the business and monitoring the business risk closely to avoid the exposure of unnecessary risk.

Warehouse operation remains stable while the general trading operation is idle as the demand for raw materials is low in the PRC and no profitable transactions were identified.

Prospects

Moving forward, the Group will diversify its business to the financial services including but not limited to the pawnshop operation in the PRC, the securities trading, asset management, insurance brokerage and money lending in Hong Kong through the newly acquired operations.

The Group will continue to explore new investment opportunities with the aim to enhance the returns to the shareholders of the Company (the "Shareholders") as a whole.

Appreciation

On behalf of the Board, I would like to take this opportunity to thank our staff for their diligence, dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our shareholders, customers and other business partners for their trust and continued support to the Group.

Shao Yonghua
Chairman
Hong Kong

14 March 2016

BUSINESS REVIEW

The Group is principally engaged in (i) the pawnshop business in the PRC; (ii) the industrial property development; and (iii) general trading including trading of metal material.

A summary of financial highlights of the Group are shown as below:

	2015 **HK$'000**	2014 HK$'000
Turnover	**115,956**	55,133
EBITDA *(Note)*	**66,142**	31,623
Profit (loss) for the year	**116,130**	(19,394)
Earnings (loss) per share:		
Basic	**4.93**	(1.12)
Diluted	**4.81**	(1.12)
Total assets	**1,670,266**	309,660
Net assets	**1,161,745**	109,465

Note: One-off gain on disposal of subsidiaries and one-off corporate expenses in relation to the acquisition and investments and capital structure transactions are excluded from the calculation of the EBITDA.

Turnover and segment results of the Group are shown as below:

	2015 **HK$'000**	2014 HK$'000
Revenue from:		
Pawn loan financing	**102,305**	–
Warehouse operation	**13,651**	12,975
General trading	**–**	42,158
	115,956	55,133

	2015 **HK$'000**	2014 HK$'000
Segment profit (loss) from:		
Pawn loan financing	**64,197**	–
Warehouse operation	**(10,547)**	(17,766)
General trading	**(1,813)**	(3,679)
	51,837	(21,445)

For the year of 2015, the increase in turnover by HK$60,823,000 as compared to last year is mainly due to the addition of the new pawnshop business segment while the positive impact from the pawnshop operation is partially offset by the drop in revenue of the general trading segment. At the same time, segment profit is improved by HK$73,282,000 which is due to the positive contribution of pawnshop business, and a reduction in loss of the warehouse operation and general trading.

The significant improvement in the Group's profit for the year of HK$116,130,000 (2014: loss of HK$19,394,000) is a combined result of the profit contributed by the pawnshop business and the inclusion of a gain on disposal of subsidiaries of approximately HK$127,263,000 being the disposal of the entire equity interests of two subsidiaries which together own a parcel of land with total site area of approximately 200,000 square meters in Taicang, Jiangsu Province, the PRC. The Group also recorded share of profit of associates of HK$9,324,000, which represented the profits shared from the Group's 25% equity interest in an associate engaged in the provision of finance leasing service in the PRC and 45% equity interest in other associates engaged in the operation of an internet finance platform in the PRC. Both associates were acquired during the year.

Following the completion of the two acquisitions of the pawnshop business in Shanghai, the PRC in January and September 2015 respectively, the pawnshop business became the core business segment contributing the largest revenue and segment profit to the Group.

The industrial property development operation remained stable and the warehouse facilities of the Group continued to operate at 100% occupancy.

No revenue is generated from the general trading operation as the demand for raw material remains weak in the PRC. The management will regularly review the situation in this business segment and will continue to explore possible solution for improvement.

FINANCIAL REVIEW

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly consist of the operating expenses of each of the business segment and the overall administrative expenses including but not limited to the office administration and utilities, legal and professional fee, operating lease payments, employee benefits expenses, depreciation and amortization, etc. For the year ended 31 December 2015, administrative and other operating expenses was increased by HK$51,913,000 to HK$83,304,000 as compared to last year. The increase is contributed by a number of factors. Firstly, the administrative expenses of the pawnshop operations were included as a result of the consolidation of the pawnshop operations in 2015. In addition, a number of acquisitions of new businesses and disposals, a placing of new shares of the Company, a rights issue and a share subdivision took place during the year which also led to a sharp increase in the relevant legal and professional expenses. Furthermore, as a result of the expansion of the operations, the Group has expand its team to support the operation and thus both employee salary and benefits expenses, office administration and the office rental was increased in line with the expansion strategy of the Group.

Finance Costs

During the year under review, finance cost of approximately HK$29,398,000 representing the effective interest expenses on the bank and other borrowings. The increase from HK$13,365,000 for the year ended 31 December 2014 is mainly due to the inclusion of effective interest on the convertible notes and interest incurred in the pawnshop business in the current year.

Liquidity, Financial Resources and Capital Structure

The Group follows a policy of prudence in managing its working capital. The operation of the Group was primarily financed by internally generated cashflows and external financing.

As at 31 December 2015, the shareholders' fund and the net current assets of the Group amounted to approximately HK$1,161,745,000 (2014: HK$109,465,000) and HK$628,240,000 (2014: net current liabilities of HK$10,558,000) respectively. The bank balances and cash amounted to HK$524,661,000 (2014: HK$12,753,000) and the current ratio was 3.02 (2014:0.93).

In January 2015, a placing of 59,600,000 placing shares of the Company at HK$2.00 per placing share was completed, bringing in a net proceeds of approximately HK$116.8 million to the Group.

In November 2015, a rights issue on the basis of every one rights share for every two shares held on the record date at HK$2.20 per rights share was completed, raising a net proceeds of approximately HK$467.6 million to the Group.

Both placing and rights issue contributed positively to the overall cash position of the Group.

As at 31 December 2015, the Group's total borrowings amounted to approximately HK$277,535,000 (2014: HK$72,034,000). The gearing ratio, measured on the basis of total borrowings over shareholders' fund was 24% (2014: 66%).

There is no capital commitment in respect of the acquisition and construction of property, plant and equipment for the year under review (2014: nil).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars and Renminbi.

PLACING OF SHARES UNDER GENERAL MANDATE

On 9 January 2015, the Company entered into a placing agreement with Orient Securities (Hong Kong) Limited ("Orient Securities") as the placing agent for the placing of up to 59,969,422 shares of HK$0.005 each in the share capital of the Company at the placing price of HK$2.00 per placing share (the "Placing"). The placing price represents the closing price of HK$2.00 per share as quoted on the Stock Exchange on 9 January 2015. The Company intended to use 65% of the total net proceeds for expansion of finance related business and 35% for general working capital. The Placing was completed on 27 January 2015 and an aggregate of 59,600,000 placing shares were allotted and issued to not less than six investors, who and their respective ultimate beneficial owners are individual investors, being third parties independent of the Company and its connected persons.

The aggregate nominal value of the placing share issued was HK$298,000. The net proceeds from the Placing of approximately HK$117 million, representing a net issue price of approximately HK$1.96 per placing share, have been utilized as to approximately HK$65.65 million as capital contribution to the 25% equity interest in the finance leasing business in the PRC and HK$10.4 million as partial settlement of the total consideration of the acquisition of the securities trading and asset management business in Hong Kong and the remaining of the proceeds have been utilized as general working capital.

Please also refer to the announcement of the Company dated 9 January 2015 and 27 January 2015 for further details.

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE AT HK$2.2 PER RIGHTS SHARE

On 1 October 2015, the Company announced the proposed rights issue on the basis of one (1) rights share (the "Rights Share") for every two (2) shares of the Company held on the record date at HK$2.20 per Rights Share to raise a net proceeds of approximately HK$467.6 million. The Company intended to use (i) HK$100 million for expansion of securities trading and assets management business in Hong Kong; (ii) HK$100 million for the development of the money lending business in Hong Kong; (iii) HK$30 million for development of other financial services related business in Hong Kong, including financial advisory services, advising in securities and insurance brokerage; (iv) HK$150 million for other medium to long term investments; (v) HK$50 million for repayment of bank loans and (vi) HK$34.4 million for general working capital.

On 18 November, a total of 215,623,557 Rights Shares were issued. The net proceeds of HK$467.6 million have been utilized as (i) approximately HK$140 million for investment in securities listed in Hong Kong for medium to long term purpose; (ii) HK$85 million for money lending business (iii) HK$27.8 million for remaining of the total consideration of the acquisition of the securities trading and asset management business in Hong Kong; (iv) HK$4 million for acquisition and development of insurance brokerage business in Hong Kong and (v) the remaining cash was kept in the bank of the Group to be used as intended.

Please also refer to the announcements of the Company dated 1 October 2015 and 17 November 2015 and the Prospectus of the Company dated 27 October 2015 for further details.

SHARE SUBDIVISION

Pursuant to an ordinary resolution passed by the Shareholders at the special general meeting of the Company held on 23 December 2015, each of the then existing issued share of the Company of HK$0.005 each was subdivided into five (5) subdivided shares of the Company of HK$0.001 each ("Share Subdivision") and the authorized shares capital of the Company has become HK$2,109,890,000 divided into 2,109,890,000,000 shares of HK$0.001 each of which 3,234,353,355 shares are in issue and fully paid. The Share Subdivision became effective on 28 December 2015.

Please also refer to the announcements of the Company dated 1 December 2015, 4 December 2015 and 23 December 2015 and the circular of the Company dated 8 December 2015 for further details.

PLACING UNDER SPECIFIC MANDATE

On 11 March 2016, the Company entered into a placing agreement with Orient Securities as the placing agent for the placing of up to 485,153,000 shares of HK$0.001 each in the share capital of the Company at the placing price a range from HK$0.70 to HK$0.90 per placing share (the "2nd Placing Shares" and the "2nd Placing"). The 2nd Placing Shares shall be allotted and issued under the specific mandate and the Company will seek the grant of the specific mandate at the special general meeting of the Company. The Company intended to apply the estimated net proceeds of approximately HK$250 million as capital contribution for the formation of a private investment fund to be managed by the Group; (ii) approximately HK$80 million for the development of financial services related business of the Group or other investment opportunities to further develop the business of the Group; and (iii) approximately HK$50 million as general working capital of the Group.

As at the date hereof, the 2nd Placing was not completed and the Company will make timely announcement to inform the Shareholders of the status of the 2nd Placing.

Please also refer to the announcement of the Company dated 11 March 2016 for further details.

NEWLY ACQUIRED BUSINESSES UNDER THE VARIABLE INTEREST ENTITY CONTRACT ("VIE CONTRACT")

During the year, the Group acquired two pawnshop operations in the PRC and a 45% equity interest in an internet finance platform operation in the PRC. As both pawnshop and the internet finance platform operations are subject to certain kind of foreign ownership restrictions under the prevailing laws and regulations in the PRC, the VIE Contracts were in effect which include a series of agreements, namely:

(i) Exclusive Consulting Service Agreement;

(ii) Equity Pledge Agreement;

(iii) Exclusive Call Option Agreement; and

(iv) Authorisation Agreement

The VIE contracts allowed the Group to gain control over the financial and business operations of the restricted operations in the PRC and the Group is also entitled to the economic interest and benefits of the operations. The Group have not encountered any interference or encumbrances from any governing bodies in operating the businesses through the VIE Contracts. The Group will closely monitor the changes in the laws and regulations that govern the VIE Contracts arrangement and make timely announcement to the Shareholders if there is any material developments that may have an impact on the legality and validity of the VIE Contracts.

For details of the background and reasons of the VIE Contract arrangement of each of operations, please refer to the circular of the Company dated 24 December 2014 and the announcements of the Company dated 15 April 2015 and 31 July 2015 respectively.

The Group's business is also subject to the default risk by pawn loan borrowers and the change in the PRC laws and regulations towards the legality of the VIE contracts.

FULFILLMENT OF 2015 PERFORMANCE TARGETS OF NEWLY ACQUIRED OPERATIONS

Oriental Credit Group

Pursuant to the agreement in relation to the acquisition of the entire issued share capital of Oriental Credit Holdings Limited, the audited consolidated net profit after tax of Oriental Credit Holdings Limited and its subsidiaries, including the pawnshop business whose economic interests and benefit held through various Contractual Agreement ("Oriental Credit Group") for the financial year ended 31 December 2015 shall not be less than HK$25,000,000 (the "2015 Pawnshop Performance Target"). According to the audited financial statements of Oriental Credit Group for the year ended 31 December 2015, the consolidated net profit after tax exceeds the 2015 Pawnshop Performance Target.

Intraday Financial Group

Pursuant to the agreement in relation to the acquisition of 45% of issued share capital of Intraday Financial Information Service Limited, the consolidated net profit after tax of Intraday Financial Information Service Limited and its subsidiaries including the finance platform in the PRC held through various Contractual Agreement ("Intraday Group") for the period from 1 July to 31 December 2015 shall not be less than RMB$10,000,000 (the "2015 Internet Finance Platform Performance Target"). According to the audited financial statements of Intraday Group for the period from 1 July to 31 December 2015, the consolidated net profit after tax exceeds the 2015 Internet Finance Platform Performance Target.

PROSPECTS

For the warehouse operation, it is operating at 100% occupancy currently. However, over 50% of the leasing contracts of the warehouse will be expired in 2016 and the management of the warehouse operation is actively negotiating with the existing and potential tenants in order to maintain the income of the operation.

For the pawnshop business, the management is optimistic towards the performance and the growth potential and will continue to identify suitable opportunity to further expand the pawn loan financing operation either through organic growth from the existing operation as well as acquiring similar operation in the market which is in line with our overall business plan.

As mentioned in the prospectus of the rights issue exercise of the Company dated 27 October 2015, the Group planned to develop the money-lending business with mortgage or other secured loan in Hong Kong. The application for the money-lending licence in Hong Kong was approved in early 2016 and the money-lending operation commenced business in the first quarter of 2016. The management is confident that positive operating results of the operation will start to contribute to the Group's overall results as early as in the first half of 2016.

The Group also acquired an insurance brokerage licence by end of 2015 and our team is actively working on the development of the insurance brokerage and wealth management business.

Following the completion of acquisition of the licensed corporations which are engaged in type 1 (dealing in securities) regulated activities under the SFO in Hong Kong and type 9 (asset management) regulated activities under the SFO in Hong Kong respectively, in March 2016, the Group is ready to enter into the securities and asset management market. The Group is planning to set up a private equity fund and develop its assets and fund management business.

From late 2015 onwards, the Group had invested in the listed shares of Shifang Holding Limited ("Shifang"), through a subscription of new shares of Shifang and various on-market purchase. Currently, the Group holds approximately 5.8% of the total issued shares of Shifang. Shifang is principally engaged in the business of cultural media, advertising media and film media in the PRC. The Group intended to build up its own investment portfolio by investing in Shifang for capital gains and investment return in medium to long term. The Group will continue to make investment in targets with investment growth potential and in line with the business strategy in future.

Overall speaking, 2016 will be a year of action as the newly acquired or established operations will start in full range. It is a year full of opportunities and challenges. The Group will continue to optimize its business and capital structure, further strengthen the management, the investment and control system. It will focus its resources to develop the newly acquired or established business in order to build up the stable income stream and diversify the business of the Group. At the same time, the Group will continue to explore suitable investment opportunities with the objective to enhance the return of the Shareholders' equity as a whole.

CHARGES ON ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	2015 HK$'000	2014 HK$'000
Pawn loans receivables	**113,569**	–
Property, plant and equipment	**118,024**	133,469
Prepaid lease payments	**26,403**	107,052
Bank deposits	**35,811**	37,912
	293,807	278,433

CONTINGENT LIABILITIES

In connection with the acquisition of Oriental Credit Group on 21 January 2015, the Group may subject to contingent liabilities including settlement of additional consideration by issuance of convertible notes arising after 21 January 2015 on the basis of 2015 Performance Target and 2016 Performance Target. The maximum principal amount of contingent convertible notes will be HK$24,598,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group has approximately 120 employees. Remuneration is determined by reference to their respective qualifications and experience and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

Biographical Details of Directors

Executive Directors

Mr. Shao Yonghua, aged 41, was appointed as an executive Director on 16 July 2015 and became the chairman of the Company in 25 August 2015. He is the director of Intraday Financial Information Service Limited ("Intraday"), an associated company of the Company, which controls the management and operations of 上海當天金融信息服務有限公司 ("Dangtian"), the operator of an Internet finance platform, under a variable interest entity structure. Mr. Shao is the founder and chairman of Dangtian and is responsible for its overall strategic planning. Prior to joining the Company, he was the chairman of an information technology company engaging in production of computer information products, electronic information products and precision manufacturing from 2004 to 2014. Through his previous experience, Mr. Shao is familiar with information technology as well as capital investment and financing, particularly in financial leasing, pawn-shop business, small loan business and asset management. He holds a Bachelor's degree in Economic Management from Air Force Logistic College of the Chinese People's Liberation Army.

Mr. Chen Ningdi, aged 37, was appointed as a non-executive Director on 13 February 2015. He was re-designated as an executive Director and was appointed as the chief executive officer of the Company on 25 August 2015. Mr. Chen is also a director of certain subsidiaries of the Company. He has over 14 years of experience in global financial industry. Mr. Chen was an executive director and founding member of Great China Strategic Capital and Primus Pacific Partners, both of which are private equity firms. He previously worked for HSBC Global Investment Banking in Hong Kong, Equity-Linked Capital Markets of HSBC Group in London, HSBC Debt Markets Client Group in Hong Kong and Shenyin & Wanguo Securities in Shanghai. Mr. Chen holds a Bachelor's degree in Economics and Statistics from the University of Chicago.

Ms. Chan Siu Mun, aged 41, was appointed as an executive Director and the company secretary of the Company in 12 March 2008. She is also a director of certain subsidiaries of the Company. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. She has over 15 years of experience in auditing, accounting and financial management. Before joining the Company, Ms. Chan worked in an international professional audit firm and a number of listed companies. She holds a Bachelor's degree in Accounting and Finance from the University of Hong Kong.

Non-executive Directors

Mr. Joseph Shie Jay Lang, aged 29, was appointed as a non-executive Director on 21 January 2015. He is an American entrepreneur based in China. Mr. Lang is the co-founder of the China-based secondary market hedge fund, the "Lang Fund". He is also the founder, director and chief executive officer of 上海佑勝投資咨詢有限公司 and is in charge of its overall business operations and development. Mr. Lang is also a director of certain subsidiaries of the Company as well as the general manager of 上海新盛典當有限公司. He holds a Bachelor's degree in General Studies from the University of Michigan.

Ms. Ma Xiaoling, aged 40, was appointed as an executive Director on 18 July 2005 and became the chairman of the Company on 5 August 2005. She was re-designated as a non-executive Director on 25 August 2015. Ms. Ma has over 10 years of experience in property development and investments in the PRC and Hong Kong. She holds a Bachelor's degree in Economics from Lanzhou Commercial College.

Independent Non-executive Directors

Mr. Jin Bingrong, aged 67, was appointed as an independent non-executive Director on 20 March 2015. He is a senior economist and has over 20 years of experience in financial industry. Mr. Jin is an independent non-executive director of bank of Shanghai and the chairman of Shanghai Da'an Financial Bill Delivery Co., Ltd. He was a non-executive director of SRE Group Limited (Stock Code: 1207), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), from April 2007 to December 2015 and an independent director of Shanghai Feilo Company Limited, a company listed on the Shanghai Stock Exchange (SHA: 600654) from December 2009 to December 2012. Mr. Jin was previously the General Manager of Shanghai Branch of Agricultural Bank of China. He holds a Master's degree in Economics and a Bachelor's degree in Finance Management, both from Fudan University.

Mr. Kwan Kei Chor, aged 49, was appointed as an independent non-executive Director on 4 May 2015. He is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Kwan has over 10 years of experience in corporate accounting and worked in a number of listed companies. He is currently the company secretary of South West Eco Development Limited (now known as C&D International Investment Group Limited) (Stock Code: 1908), a company listed on the Stock Exchange. Mr. Kwan holds a Master's degree in Accounting from Curtin University of Technology (now known as Curtin University).

Dr. Rui Mingjie, aged 61, was appointed as an independent non-executive Director on 7 October 2015. He has over 25 years of experience in corporate management and development research. Dr. Rui is currently a Professor and the head of the Department of Industrial Economics of the School of Management of Fudan University. His main research areas are industry & enterprise development, enterprise strategy & management, reformation theory of state owned enterprises, theory of modern firms and knowledge management & innovation. He was previously the Associate Dean of the School of Management of Fudan University from 2001 to 2003 and has been a professor in the School of Management of Fudan University since 1995. Dr. Rui is currently an independent non-executive director of Shanghai Jin Jiang International Hotels (Group) Company Limited (Stock Code: 2006), a company listed on the Stock Exchange and Shanghai Automation Instrumentation Co. Ltd（上海自動化儀表股份有限公司）(now known as Shanghai Lingang Holdings Corporation Limited（上海臨港控股股份有限公司）) (SHA:600848), a company listed on the Shanghai Stock Exchange. Dr. Rui holds a Doctoral degree in Industrial Economics from Fudan University.

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all Shareholders. The Company has always recognised the importance of the transparency and accountability towards the Shareholders. It is the belief of the Board that Shareholders can maximise their benefits from good corporate governance.

Code on Corporate Governance Practices

The Board is responsible for performing corporate governance duties which include:

(i) developing and reviewing the Company's policies and practice on corporate governance;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(v) reviewing the Company's compliance with the code and disclosure in the Corporate Governance Report.

During the year under review, the Board has reviewed the Company's corporate governance practices which are based on the principles and code provisions (the "Code Provision(s)") as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 of the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange. The Company has complied with the Code Provisions, except for the following deviations:

– Code Provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

  Ms. Ma Xiaoling served as the chairman and chief executive officer of the Company since 2005. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. On 25 August, 2015, Mr. Shao Yonghua was elected as the chairman of the Company and Mr. Chen Ningdi was elected as the chief executive officer of the Company. There has been no deviation from Code Provision A.2.1 for the Company since then.

- Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

  During the year, the newly appointed non-executive Directors (including independent non-executive Directors) were appointed for a specific term of three years and subject to retirement by rotation and re-election at the annual general meeting of the Company. There has been no deviation from Code Provision A.4.1 for the Company since then.

- Code Provision A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

  According to Bye-law 91 of the Bye-laws of the Company, any person appointed to fill a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election.

  Mr. Kwan Kei Chor and Dr. Rui Mingjie were appointed to fill a causal vacancy during the year. They will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company.

- Code Provision A.5 stipulates that a nomination committee should be established to make recommendations to the Board on the appointment and reappointment of directors and succession planning for Director.

  The Board as a whole is responsible for the appointment of its own members. The chairman of the Board is responsible for identifying appropriate candidate and proposing qualified candidate to the Board for consideration. The Board will review profiles of the candidate recommended by the chairman and make recommendation of the appointment, re-election and retirement of the Directors. Candidates are appointed to the Board on the basis of their skill, competence and experience that they can contribute to the Company.

The Board

The Board currently comprises three executive Directors, being Mr. Shao Yonghua (Chairman), Mr. Chen Ningdi (Chief Executive Officer) and Ms. Chan Siu Mun, two non-executive Directors, being Mr. Joseph Shie Jay Lang and Ms. Ma Xiaoling and three independent non-executive Directors, being Mr. Jing Bingrong, Mr. Kwan Kei Chor and Dr. Rui Mingjie.

Other than (i) Ample Sleek Limited, a company wholly owned by Mr. Shao Yonghua and (ii) Asiabiz Capital Investment Limited, the share capital of which is indirectly owned by Mr. Chen Ningdi and his associates (as defined in the Listing Rules) are both shareholders of Long Tu Limited, a substantial shareholder of the Company, the Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence across the Board.

The non-executive Directors and the independent non-executive Directors are persons of high caliber with academic and professional qualifications in the area of accounting, financial, management and various business field which provide the Group with a wide range of valuable expertise. With their experience gained from senior positions held in other organisations, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances, but the day-to-day management is delegated to the three executive Directors, Mr. Shao Yonghua, Mr. Chen Ningdi and Ms. Chan Siu Mun.

The roles of the chairman and chief executive officer of the Company are separate. Mr. Shao Yonghua as the chairman of the Company heads the Board and implements the strategies and policies approved by the Board whilst Mr. Chen Ningdi as the chief executive officer of the Company together with Ms. Chan Siu Mun are responsible for the operations of the Group.

The list of Directors and their roles and functions is posted on the website of the Company and the Stock Exchange.

Directors' Training and Professional Development

The Company is responsible for arranging and funding suitable training for the Directors and individual Directors also participated in courses relating to the roles, functions and duties of a listed company director or further enhancement of their professional development by way of attending training courses or via online aids or reading relevant materials. The company secretary of the Company continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

Attendance of Individual Directors at Board Meetings and General Meetings

There were 32 board meetings and 5 general meetings held during the year of 2015. The individual attendance record is as follows:

Directors	Board Meetings Attended/Eligible to attend	General Meetings Attended/Eligible to attend
Executive Directors:		
Mr. Shao Yonghua (Note 1)	13/13	0/2
Mr. Chen Ningdi (Note 2)	26/26	3/3
Ms. Chan Siu Mun	32/32	5/5
Non-executive Directors:		
Mr. Chan Sze Hon (Note 3)	2/3	1/1
Mr. Joseph Shie Jay Lang (Note 4)	26/27	2/4
Ms. Ma Xiaoling	31/32	4/5
Independent non-executive Directors:		
Mr. Ching Men Ky, Carl (Note 5)	3/12	2/3
Mr. Lin Ruei Min (Note 6)	3/25	1/4
Mr. Shu Wa Tung, Laurence (Note 7)	3/10	1/2
Mr. Jin Bingrong (Note 8)	22/23	1/3
Mr. Kwan Kei Chor (Note 9)	18/19	2/2
Dr. Rui Mingjie (Note 10)	6/6	0/1

Notes:

1. Mr. Shao Yonghua was appointed as the Director on 16 July 2015.
2. Mr. Chen Ningdi was appointed as the Director on 13 February 2015.
3. Mr. Chan Sze Hon resigned as the Director on 30 January 2015.
4. Mr. Joseph Shie Jay Lang was appointed as the Director on 21 January 2015.
5. Mr. Ching Men Ky, Carl was retired as the Director on 30 April 2015.
6. Mr. Lin Ruei Min resigned as the Director on 7 October 2015.
7. Mr. Shu Wa Tung, Laurence resigned as the Director on 31 March 2015.
8. Mr. Jin Bingrong was appointed as the Director on 20 March 2015.
9. Mr. Kwan Kei Chor was appointed as the Director on 4 May 2015.
10. Dr. Rui Mingjie was appointed as the Director on 7 October 2015.

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the company secretary of the Company and are open for inspection by Directors.

During the year 2015, Mr. Shu Wa Tung, Laurence, a former independent non-executive Director who possesses appropriate professional qualifications in accounting or related financial management expertise, resigned on 31 March 2015, therefore the Company failed to meet requirement of Rule 3.10(2) of the Listing Rules. Mr. Kwan Kei Chor, the current independent non-executive Director who possesses the required qualifications under Rule 3.10(2) of the Listing Rules, was appointed on 4 May 2015.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding Directors' securities transactions. The Company has made specific enquiry of all Directors whether the Directors have complied with the required standard set out in the Model Code regarding Directors' securities transactions and all Directors confirmed that they have complied with the Model Code.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Code Provisions of the CG Code. The duties of the Audit Committee are to review and monitor the financial reporting and risk management and internal control systems of the Company. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Kwan Kei Chor (Chairman), Mr. Jin Bingrong and Dr. Rui Mingjie.

During the year under review, the Audit Committee has reviewed with the management and the auditors the accounting principles and practices adopted by the Company and discussed the auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the year ended 31 December 2015 and the unaudited interim financial statements of the Group for the six months ended 30 June 2015.

Two Audit Committee meetings convened during the year. The individual attendance record is as follows:

Directors	Number of attendance
Mr. Ching Men Ky, Carl (Note 1)	1/1
Mr. Lin Ruei Min (Note 2)	2/2
Mr. Shu Wa Tung, Laurence (Note 3)	1/1
Mr. Jin Bingrong (Note 4)	1/1
Mr. Kwan Kei Chor (Note 5)	1/1
Dr. Rui Mingjie (Note 6)	N/A

Notes:

1. Mr. Ching Men Ky, Carl ceased to serve as the member of Audit Committee on 30 April 2015.
2. Mr. Lin Ruei Min ceased to serve as the member of Audit Committee on 7 October 2015.
3. Mr. Shu Wa Tung, Laurence ceased to serve as the chairman of Audit Committee on 31 March 2015.
4. Mr. Jin Bingrong became the member of Audit Committee on 20 March 2015.
5. Mr. Kwan Kei Chor became the chairman of Audit Committee on 4 May 2015.
6. Dr. Rui Mingjie became the member of Audit Committee on 7 October 2015.

Remuneration Committee

The Board has established a remuneration committee (the "Remuneration Committee") with written terms of reference in compliance with the Code Provisions of the CG Code. The responsibilities of the Remuneration Committee are to advise the Board on the remuneration policy and framework of the Company's Directors and senior management, as well as review and determine the remuneration of individual executive Directors and senior management with reference to the Company's objectives from time to time. The Remuneration Committee currently comprises three independent non-executive Directors, namely Mr. Jin Bingrong (Chairman), Mr. Kwan Kei Chor and Dr. Rui Mingjie and one executive Director, Ms. Chan Siu Mun and one non-executive Director, Ms. Ma Xiaoling.

During the year under review, the Remuneration Committee has reviewed the remuneration policy and framework of the Company's Directors and senior management and determined the remuneration packages of individual executive Directors and senior management with reference to the Company's objectives.

Two Remuneration Committee meetings convened during the year. The individual attendance record is as follows:

Directors	Number of attendance
Ms. Ma Xiaoling	2/2
Ms. Chan Siu Mun	2/2
Mr. Ching Men Ky, Carl (Note 1)	1/1
Mr. Lin Ruei Min	1/1
Mr. Chan Sze Hon (Note 2)	1/1
Mr. Shu Wa Tung, Laurence (Note 3)	0/1
Mr. Jin Bingrong (Note 4)	1/1
Mr. Kwan Kei Chor (Note 5)	1/1
Dr. Rui Mingjie (Note 6)	1/1

Notes:

1. Mr. Ching Men Ky, Carl ceased to serve as the chairman of Remuneration Committee on 30 April 2015.
2. Mr. Chan Sze Hon ceased to serve as the member of Remuneration Committee on 30 January 2015.
3. Mr. Shu Wa Tung, Laurence ceased to serve as the member of Remuneration Committee on 31 March 2015.
4. Mr. Jin Bingrong became the chairman of Remuneration Committee on 20 March 2015.
5. Mr. Kwan Kei Chor became the member of Remuneration Committee on 4 May 2015.
6. Dr. Rui Mingjie became the member of Remuneration Committee on 7 October 2015.

Auditor's Remuneration

During the year, the fees in respect of the audit and non-audit services provided to the Group by the Company's auditor, HLM CPA Limited, amounted to HK$1,000,000 and HK$970,000 respectively. The non-audit services mainly consist of interim results review and other reporting services.

Financial Reporting

The Directors acknowledged their responsibility for the preparation of the financial statements in accordance with the statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern.

The statement by the Auditor about their reporting responsibilities on the financial statements for the year ended 31 December 2015 is set out in the "Independent Auditor's Report" of this annual report.

Internal Control

The Board acknowledges its responsibility in maintaining sound and effective internal control system for the Group to safeguard investments of the Shareholders and assets of the Group at all times. The Board is responsible to review the effectiveness of the internal control systems of the Group annually, such review should cover all material controls, including financial, operational and compliance controls and risk management functions.

For the year under review, the Board, through the Audit Committee, had reviewed the effectiveness of the Company's internal control systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The Board believes that the existing internal control system is adequate and effective.

Shareholders' Rights and Investor Relations

The Board recognises the importance of good communication with Shareholders. Information in relation to the Group is disseminated to Shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information and news are also made available on the website of the Company. The Company also welcomes comments and questions from Shareholders at its annual general meeting.

Shareholders are given the opportunity to participate and vote in Shareholder's meetings. According to Bye-law 57 of the Bye-laws of the Company, any 2 or more Shareholders holding at the date of the deposit of a written requisition in aggregate not less than one-tenth of such of the paid up capital of the Company as at the date of the deposit carries the right to require a special general meetings to be called by the Board. Such requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at Company's head office.

Pursuant to Bye-law 89 of the Bye-laws of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing by some Shareholders (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

Shareholders are provided with contact details of the Company, such as telephone number, fax number and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means.

During the year ended 31 December 2015, there had not been any changes in the Company's constitutional documents. The Company's Bye-laws are available on the websites of the Company and the Stock Exchange.

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 December 2015.

Principal Activities and Business Review

The Company acts as an investment holding company and provides corporate management services to its subsidiaries. The activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

Further discussion and analysis of the business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including risks facing the company and future development in the Group's business, can be found in the "Management Discussion and Analysis" section of this annual report. The above section form part of this "Directors' Report".

Results and Appropriations

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 41.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: nil).

Five-Year Financial Summary

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 164 of the annual report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

Share Capital

Details of the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 42 and 43 to the consolidated financial statements.

As at 31 December 2015, the Company's reserves available for distribution to Shareholders amounted to HK$886 million (2014: nil).

Purchase, Sale and Redemption of the Listed Securities

During the year, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Major Customers and Suppliers

The aggregate sales attributable to the Group's largest customer and the five largest customers accounted for approximately 9.90% and 23.02% of the Group's total revenue for the year respectively. During the year, the Group's principal business is pawn loans financing and warehouse operation business, and so the Group did not have five largest suppliers.

None of the Directors, their associates, or any Shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

Directors

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

Executive Directors:

Mr. Shao Yonghua *(Chairman) (appointed on 16 July 2015)*
Mr. Chen Ningdi *(Chief Executive Officer) (appointed as non-executive Director on 13 February 2015 and re-designated to executive Director on 25 August 2015)*
Ms. Chan Siu Mun

Non-executive Directors:

Mr. Joseph Shie Jay Lang *(appointed on 21 January 2015)*
Ms. Ma Xiaoling *(re-designated from executive Director to non-executive Director on 25 August 2015)*
Mr. Chan Sze Hon *(resigned on 30 January 2015)*

Independent non-executive Directors:

Mr. Jin Bingrong *(appointed on 20 March 2015)*
Mr. Kwan Kei Chor *(appointed on 4 May 2015)*
Dr. Rui Mingjie *(appointed on 7 October 2015)*
Mr. Ching Men Ky, Carl *(retired on 30 April 2015)*
Mr. Lin Ruei Min *(resigned on 7 October 2015)*
Mr. Shu Wa Tung, Laurence *(resigned on 31 March 2015)*

Pursuant to Bye-laws 91 and 99(B) of the bye-laws of the Company, Mr. Kwan Kei Chor ("Mr. Kwan"), Dr. Rui Mingjie ("Dr. Rui"), Ms. Ma Xiaoling ("Ms. Ma") and Ms. Chan Siu Mun ("Ms. Chan") will retire from office as Directors at the AGM and Mr. Kwan, Dr. Rui and Ms. Chan, being eligible, will offer themselves for re-election. Ms. Ma will not offer herself for re-election due to her other business commitments.

The Company confirms that it has received an annual confirmation from each of the independent non-executive Directors regarding his independence pursuant to Rule 3.13 of the Listing Rules and the Company still considers all the existing independent non-executive Directors to be independent.

Directors' Service Contracts

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) 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 the interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in shares and underlying shares

Director	Nature of interests	Number of issued shares held	Number of Underlying shares held	Total number of shares and underlying shares	Approximate percentage of the issued share capital
Mr. Joseph Shie Jay Lang ("Mr. Lang")	Corporate interests	–	705,000,000 (Note 1)	705,000,000	21.80%
Mr. Shao Yonghua ("Mr. Shao")	Corporate interests	538,500,000 (Note 2)	–	538,500,000	16.65%
Ms. Ma Xiaoling ("Ms. Ma")	Corporate interests	201,061,280 (Note 3)	–	201,061,280	6.22%

Notes:

1. Mr. Lang is the beneficial owner of the entire issued share capital of Rosy Start Investments Limited ("Rosy Start"), Equity Partner Holdings Limited ("Equity Partner") and Century Best Holdings Limited ("Century Best"). Rosy Start, Equity Partner and Century Best are taken to be interested in 40%, 15% and 39% of the convertible notes in a maximum principal amount of HK$180,000,000 (HK$85,401,768.19 of which has been issued as at 31 December 2015) and which may be converted into 300,000,000 shares, 112,500,000 shares and 292,500,000 shares, respectively according to the sale and purchase agreement dated 20 November 2014. Mr. Lang is therefore taken to be interested in an aggregate of 705,000,000 shares through Rosy Start, Equity Partner and Century Best. Mr. Lang is a director of each of Rosy Start, Equity Partner and Century Best.

2. 65.8%, 28.2% and 6.0% of the issued share capital of Long Tu Limited ("Long Tu") is owned by Ample Sleek Limited ("Ample Sleek"), Sino Crest Ventures Limited ("Sino Crest") and Asiabiz Capital Investment Limited ("Asiabiz"). Ample Sleek is wholly owned by Mr. Shao, an executive Director and the chairman of the Company while over 30% of the issued share capital of Asiabiz is indirectly owned by Mr. Chen Ningdi, an executive Director and the chief executive officer of the Company, and his associates. Mr. Shao is a director of Ample Sleek and Long Tu.

3. Ms. Ma is the beneficial owner of the entire issued share capital of Keenlead Holdings Limited ("Keenlead").

Short position in Shares and underlying Shares

Director	Nature of interests	Number of issued shares held	Number of Underlying shares held	Total number of shares and underlying shares	Approximate percentage of the issued share capital
Mr. Lang (Note 4)	Corporate interests	–	705,000,000	705,000,000	21.80%

Notes:

4. As at 31 December 2015, the convertible notes are subject to the Put Option, so Rosy Start, Equity Partner and Century Best are taken to have a short position of 300,000,000 shares, 112,500,000 shares and 292,500,000 shares respectively in the Company. Mr. Lang is therefore taken to have a short position of 705,000,000 shares in the Company through Rosy Start, Equity Partner and Century Best.

Long positions in the shares and underlying shares of the Company's associated corporations (within the meaning of Part XV of the SFO)

Director	Name of associated corporation	Nature of interest	Class	Number of shares/ amount of registered capital	Approximate percentage of shareholding
Mr. Shao	Intraday Financial Information Service Limited	Corporate interests (Note 5)	Ordinary	55 shares	55%
	aBCD Enterprise Limited	Corporate interests (Note 5)	Ordinary	3 Shares	100%
	鼎泰潤和投資諮詢(上海)有限公司	Corporate interests (Note 5)	Registered capital	RMB31,000,000	100%

Note:

5. 65.8% of the issued share capital of Long Tu is owned by Ample Sleek, which is wholly owned by Mr. Shao. Long Tu is the legal and beneficial owner of 55 shares of Intraday Financial Information Service Limited ("Intraday"), which is 55% of its issued share capital, whilst the remaining 45 shares, which represents 45% of the issued share capital of Intraday, is owned by the Company. Intraday is the legal and beneficial owner of 3 shares of aBCD Enterprise Limited ("aBCD"), which is 100% of its issued share capital. aBCD is the holder of RMB31,000,000 of the registered capital of 鼎泰潤和投資諮詢(上海)有限公司, which is its entire equity interest.

Save as disclosed above, as at 31 December 2015, none of the Directors, chief executive or their associates had any interests and short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) 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 the interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Arrangements to Purchase Shares or Debentures

Other than the share option scheme as disclosed in note 32 to the consolidated financial statements and the section "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. The effect of such arrangements would enable the Director involved to be the Shareholder of the Company.

Contracts of Significance of Directors

1. On 20 November 2014, the Company (as purchaser), Rosy Start, Equity Partner, Century Best and Asiabiz (together as vendors) and Mr. Lang (as vendors guarantor) entered into a sale and purchase agreement (as amended by the first supplemental agreement dated 3 June 2015 and the second supplemental agreement dated 8 January 2016), pursuant to which the Company agreed to acquire and the vendors agreed to sell the entire issued share capital of Oriental Credit Holdings Limited ("Oriental Credit"). The acquisition was completed on 21 January 2015.

   Pursuant to the sale and purchase agreement, the consideration shall be satisfied by the Company in the following manner:

   (i) A sum of HK$80,000,000 (subject to adjustment) to be paid by way of issue of convertible notes of principal amount of HK$80,000,000 to the vendors on the 60th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2014;

   (ii) A sum of HK$35,000,000 (subject to adjustment) to be paid by way of issue of convertible notes of principal amount of HK$35,000,000 to the vendors on the 5th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2015; and

   (iii) A sum of HK$35,000,000 (subject to adjustment) to be paid by way of issue of convertible notes of principal amount of HK$35,000,000 to the vendors on the 5th business day after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2016.

   Mr. Lang, a non-executive Director, is the beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best. He is also a director of each of Rosy Start, Equity Partner and Century Best.

Mr. Chen Ningdi ("Mr. Chen"), an executive Director and the chief executive officer of the Company, and his associates indirectly own over 30% of the issued share capital of Asiabiz.

2. On 15 April 2015, the Company, Long Tu and Mr. Shao entered into a sale and purchase agreement (as amended by the first supplemental agreement dated 10 June 2015 and the second supplemental agreement dated 25 June 2015), pursuant to which the Company agreed to acquire and Long Tu agreed to sell 45% issued shares of Intraday Financial Information Service Limited (當天金融信息服務有限公司) for a consideration of HK$272.84 million by way of issue and allotment of 71,800,000 consideration shares at issue price of HK$3.8 per consideration share to Long Tu. The acquisition was completed on 8 July 2015.

   65.8%, 28.2% and 6.0% of the issued share capital of Long Tu is owned by Ample Sleek Limited ("Ample Sleek"), Sino Crest Ventures Limited and Asiabiz. Ample Sleek is wholly owned by Mr. Shao, an executive Director and the chairman of the Company. Mr. Shao is a director of each of Ample Sleek and Long Tu.

3. On 26 November 2015, Sunny Creation Asia Pacific Limited, a wholly owned subsidiary of the Company and Donglin China Wealth Management Company Limited ("Donglin") entered into a sale and purchase agreement, pursuant to which the Company agreed to acquire and Donglin agreed to sell the entire issue share capital of Prominence Wealth & Risk Management Co., Limited (now known as Greater China Wealth & Risk Management Limited) for a consideration of HK$2,999,000.

   Mr. Chen and his spouse indirectly hold 15.27% of the shares of Donglin China (BVI) Limited ("Donglin BVI"); Mr. Chen holds 20% of the shares of Donglin BVI; his spouse holds 50% of the shares of Donglin BVI; and Donglin BVI holds 100% of the shares of Donglin.

   This transaction is a connected transaction of the Company. However, as all the relevant percentage ratios are less than 5% and the total consideration is less than HK$3,000,000, it is fully exempt from Shareholders' approval, annual review and all disclosure requirements, under Rule 14A.76(1)(1) of the Listing Rules.

Directors' Interests in a Competing Business

During the year and up to the date of this report, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors and chief executive of the Company, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in shares and underlying shares

Name	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Rosy Start (Note 1)	Beneficial owner	300,000,000	9.28%
Equity Partner (Note 1)	Beneficial owner	112,500,000	3.48%
Century Best (Note 1)	Beneficial owner	292,500,000	9.04%
Long Tu (Note 2)	Beneficial owner	538,500,000	16.65%
Keenlead (Note 3)	Beneficial owner	201,061,280	6.22%
Grand Wealth Asia Pacific Limited	Beneficial owner	292,072,235	9.03%

Notes:

1. As at date of this annual report, Rosy Start, Equity Partner and Century Best are interested in 40%, 15% and 39% of the convertible notes in a maximum principal amount of HK$180,000,000 (HK$85,401,768.19 of which has been issued as at 31 December 2015) and which may be converted into 300,000,000 shares, 112,500,000 shares and 292,500,000 shares, respectively according to the sale and purchase agreement dated 20 November 2014. Mr. Lang is a director of each of Rosy Start, Equity Partner and Century Best.

2. Long Tu is the owner of 538,500,000 shares. Mr. Shao is a director of Long Tu.

3. Keenlead is the owner of 201,061,280 shares. Ms. Ma Xiaoling is a director of Keenlead.

Short position in shares and underlying shares

Name	Nature of interest	Number of shares held	Approximate percentage of the issued share capital
Rosy Start (Note 4)	Beneficial owner	300,000,000	9.28%
Equity Partner (Note 4)	Beneficial owner	112,500,000	3.48%
Century Best (Note 4)	Beneficial owner	292,500,000	9.04%

Notes:

4. As at 31 December 2015, the Convertible Notes are subject to the Put Option, so Rosy Start, Equity Partner and Century Best are taken to have a short position of 300,000,000 shares, 112,500,000 shares and 292,500,000 shares respectively in the Company.

Save as disclosed above, as at 31 December 2015, so far as is known to the Directors and chief executive of the Company, no other parties (other than a Director or chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Convertible Notes

Pursuant to the sale and purchase agreement dated 20 November 2014 in relation to the acquisition of the entire issued share capital of Oriental Credit Holdings Limited ("SPA"), the consideration shall be satisfied by the Company by way of issue of convertible notes. The holder of the convertible note is entitled to convert it into new ordinary shares at any time between the date upon the expiry of the put option period (i.e. 21 January 2015, being the completion date of the sale and purchase agreement, to 30th business day after the 2015 convertible note issue date) and ending on the 21st business day before the maturity date (i.e. the 5th anniversary of the date of issue). If the convertible note has not been converted, it will be redeemed on maturity date at the entire principal amount. The convertible note bears no interest.

On 3 June 2015, the Company issued the 2014 convertible notes with principal amount of HK$85,401,768 with conversion price of HK$1.2 per conversion share.

Following the completion of share subdivision of the Company on 28 December 2015, the conversion price was adjusted to HK$0.24 per conversion share and pursuant to the second supplemental agreement to the SPA dated 8 January 2016, the conversion period of the convertible notes was changed to a period from 21 January 2015 to the 5th business day after the issue of the audited accounts of the Oriental Credit Group for the financial year ending 31 December 2015.

As at 31 December 2015, none of the convertible notes holder exercised the conversion rights attaching to the convertible notes.

Details of the convertible notes are set out in note 27 to the consolidated financial statements.

Details of movement of the convertible notes during the year ended 31 December 2015 are as follows:

	Amount of convertible notes					
Holder	Balance as at 1 January 2015	Granted during the year	Exercised during the year	Conversion price	Number of share allotted and issued upon conversion	Balance as at 31 December 2015
Vendors of the SPA	–	HK$85,401,768	–	HK$0.24 (adjusted for share subdivision)	–	HK$85,401,768

Issue of Securities

a) *Placing*

Details of the placing of shares under general mandate are set out in section headed "Placing of Shares under General Mandate" in the "Management Discussion and Analysis".

The Directors consider that the placing offered a good opportunity to raise further capital and broaden the shareholders base of the Company thereby increasing the liquidity of the shares as well as to strengthen the financial position of the Group.

b) *Issue of consideration shares for acquisition of Intraday Group*

Details of the consideration shares issued for the acquisition of 45% issued shares of Intraday Financial Information Service Limited are set out in section headed "Contracts of Significance of Directors" in this "Directors' Report".

*c) **Rights issue***

Details of the rights issue are set out in section headed "Rights Issue on the basis of 1 rights share for every 2 share held on the record date at HK$2.2 per rights share" in the "Management Discussion and Analysis".

Since the Group has been actively expanding its business, rights issue would be beneficial for the Group to replenish its funding resources to support further development of the expanding businesses and to better prepare for the Company to take advantage of future business opportunities as and when they arise.

Share Option Scheme

The Company's share option scheme (the "Scheme") was adopted pursuant to the Shareholders' resolution passed on 20 June 2011.

The purpose of the Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution 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 invested entity.

The participants of the Scheme are as follow:

(a) any employee (whether full time or part time employee, including executive directors) of the Company, any of its Subsidiaries and any invested entity;
(b) any non-executive director (including independent non-executive directors) of the Company, any of its Subsidiaries or any invested entity;
(c) any supplier of goods or services to any member of the Group or any invested entity;
(d) any customer of the Group or any invested entity;
(e) any person or entity that provides research, development or other technological support to the Group or any invested entity;
(f) 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;
(g) any adviser (professional or otherwise) or consultant to any area of business or business development of the Group or any invested entity; and
(h) any other group or classes of participants who have contributed or may contribute, by way of joint venture, business alliance, other business arrangement or otherwise, to the development and growth of the Group,

The total number of shares available for issue under the Scheme is 149,923,555 (adjusted for the share subdivision), representing 4.64% of the issued share capital as at the date of this annual report (i.e. 3,234,353,355 shares).

The total number of shares issued and which may fall to be issued upon exercise of the share options and the share options granted under any other share option scheme of the Group (including both exercised or outstanding share options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Board to each grantee, save that such period shall end in any event not later than ten years from the date of grant of the option and subject to the provisions for early termination thereof.

There is no minimum period required under the Scheme for holding of the share options before it can be exercised, unless otherwise determined by the Directors and stated in the offer of the grant of share options to a grantee. An option may be accepted by a participant within 28 days from the date of the offer of grant of the option by payment from the participant and receipt by the Company of HK$1.00 prior to or on the last date of the said 28 day period.

The exercise price will be a price to be determined by the Board, but may not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

The Scheme will expire on 19 June 2021.

Details of the Scheme are set out in note 32 to the consolidated financial statements.

Details of movements in the options granted under the Scheme during the year ended 31 December 2015 were as follows:

	Number of share options held				
Category	**Balance as at 1 January 2015**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance as at 31 December 2015**
Employees of the Group	–	90,000,000 (adjusted for share subdivision)	–	–	90,000,000 (adjusted for share subdivision)

Note:

The date of grant of all of the above share options was 20 November 2015. The exercisable period is from the expiry date of the put option period as stated in the sale and purchase agreement dated 20 November 2014 (as amended by the first supplemental agreement dated 3 June 2015 and the second supplemental agreement dated 8 January 2016) to 20 May 2017. The exercise price is HK$0.92 per share (adjusted for share subdivision). The closing price of the share on 20 November 2015 was HK$0.92 (adjusted for share subdivision). No options were cancelled during the year.

Emolument Policy

The emolument policy regarding the employees of the Group is set up by the Remuneration Committee and is based on their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of the Scheme is set out in note 32 to the consolidated financial statements.

Permitted Indemnity

Pursuant to the Bye-laws of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, expenses and liabilities which he may sustain or incur or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year.

Compliance with relevant laws and regulations

During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Relationships with Stakeholders

The Group provides a harmonious and professional working environment to employees and ensures they all are reasonable remunerated. The Company regular reviews and updates its policies on remuneration and benefits, training, occupational health and safety.

The Group also recognises that it is important to maintain good relationship with business partners to achieve its long-term goals. During the year, there was no material and significant dispute between the Group and its business partners.

Environmental Policy and Performance

The Group is committed to protecting the environment and adheres to the principle of recycling and reducing. Double-sided printing and copying, using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliance are being implemented in the offices.

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.

Event affecting the Company

Details of the events affecting the Company that have occurred since the end of the financial year are set out in note 44 to the consolidated financial statements.

Pre-emptive Rights

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

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31 December 2015.

Tax Relief and Exemption

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company Securities.

Auditor

The consolidated financial statements of the Group for the year ended 31 December 2015 have been audited by Messrs. HLM CPA Limited. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Shao Yonghua
Chairman

Hong Kong, 14 March 2016

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

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TO THE MEMBERS OF GREATER CHINA FINANCIAL HOLDINGS LIMITED
(FORMERLY KNOWN AS GREATER CHINA HOLDINGS LIMITED)
大中華金融控股有限公司（前稱大中華實業控股有限公司）
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Greater China Financial Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 163, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong

14 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	5	**115,956**	55,133
Cost of sales		**–**	(42,090)
Gross profit		**115,956**	13,043
Other income, gains and losses	7	**121,549**	4,098
Administrative and other operating expenses		**(83,304)**	(31,391)
Finance costs	8	**(29,398)**	(13,365)
Share of profit of associates		**9,324**	–
Profit (loss) before taxation		**134,127**	(27,615)
Income tax	9	**(17,997)**	8,221
Profit (loss) for the year	10	**116,130**	(19,394)
Other comprehensive expense, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(11,383)**	(904)
Release of translation reserve upon disposal of subsidiaries		**(39,980)**	(960)
Share of exchange differences of associates		**(5,950)**	–
Other comprehensive expense for the year		**(57,313)**	(1,864)
Total comprehensive income (expense) for the year		**58,817**	(21,258)
Profit (loss) for the year attributable to:			
Owners of the Company		**116,130**	(19,575)
Non-controlling interests		**–**	181
		116,130	(19,394)
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**58,817**	(21,438)
Non-controlling interests		**–**	180
		58,817	(21,258)
		HK cents	HK cents restated
Earnings (loss) per share	14		
– Basic		**4.93**	(1.12)
– Diluted		**4.81**	(1.12)

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	15	**131,885**	133,775
Prepaid lease payments	16	**25,649**	27,952
Interests in associates	18	**372,075**	–
Goodwill	17	**198,326**	–
Rental and utility deposits	22	**3,045**	–
		730,980	161,727
Current assets			
Repossessed assets	19	**41**	–
Pawn loans receivables	20	**359,698**	–
Trade and other receivables	21	**2,367**	2,803
Prepaid lease payments	16	**754**	799
Prepayments and deposits	22	**8,366**	672
Pledged bank deposits	23	**35,811**	–
Bank balances and cash	23	**524,661**	12,753
		931,698	17,027
Assets classified as held for sale	24	**7,588**	130,906
		939,286	147,933
Current liabilities			
Other payables and accruals	25	**31,339**	19,026
Deferred consideration	30	**64,020**	–
Borrowings	26	**199,945**	30,330
Tax payables		**6,192**	–
		301,496	49,356
Liabilities directly associated with assets classified as held for sale	24	**9,550**	109,135
		311,046	158,491
Net current assets (liabilities)		**628,240**	(10,558)
Total assets less current liabilities		**1,359,220**	151,169

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Deferred consideration	30	**63,900**	–
Deferred tax liability	29	**1,100**	–
Convertible notes	27	**54,885**	–
Borrowings	26	**77,590**	41,704
		197,475	41,704
Net assets		**1,161,745**	109,465
Capital and reserves			
Share capital	28	**3,234**	1,499
Reserves		**1,158,511**	107,966
Total equity		**1,161,745**	109,465

The consolidated financial statements on page 41 to 163 were approved and authorised for issue by the Board of Directors on 14 March 2016 and are signed on its behalf by:

Chen Ningdi
Director

Chan Siu Mun
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000 (Note 43(a))	Share option reserve HK$'000 (Note 43(b))	Convertible notes equity reserve HK$'000 (Note 43(c))	Translation reserve HK$'000 (Note 43(d))	Statutory reserve HK$'000 (Note 43(e))	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	1,499	379,281	–	–	37,221	–	(287,098)	130,903	196	131,099
Loss for the year	–	–	–	–	–	–	(19,575)	(19,575)	181	(19,394)
Other comprehensive expenses										
– Exchange differences on translation of foreign operations	–	–	–	–	(904)	–	–	(904)	–	(904)
– Release of translation reserve upon disposal of a subsidiary	–	–	–	–	(959)	–	–	(959)	(1)	(960)
Total comprehensive expense for the year	–	–	–	–	(1,863)	–	(19,575)	(21,438)	180	(21,258)
Release of non-controlling interests arising on disposal of a subsidiary	–	–	–	–	–	–	–	–	(376)	(376)
At 31 December 2014 and 1 January 2015	1,499	379,281	–	–	35,358	–	(306,673)	109,465	–	109,465
Profit for the year	–	–	–	–	–	–	116,130	116,130	–	116,130
Other comprehensive expenses										
– Exchange difference on translation of foreign operations	–	–	–	–	(11,383)	–	–	(11,383)	–	(11,383)
– Release of translation reserve upon disposal of subsidiaries	–	–	–	–	(39,980)	–	–	(39,980)	–	(39,980)
– Share of exchange differences of associates	–	–	–	–	(5,950)	–	–	(5,950)	–	(5,950)
Total comprehensive income for the year	–	–	–	–	(57,313)	–	116,130	58,817	–	58,817
Issue of new shares on placements	298	116,518	–	–	–	–	–	116,816	–	116,816
Transaction costs attributable to issue of shares	–	(259)	–	–	–	–	–	(259)	–	(259)
Issue of convertible notes on acquisition of subsidiaries	–	–	–	101,192	–	–	–	101,192	–	101,192
Recognition of equity-settled share based payments	–	–	5,831	–	–	–	–	5,831	–	5,831
Issue of shares upon rights issue	1,078	473,294	–	–	–	–	–	474,372	–	474,372
Transaction costs attributable to rights issue	–	(6,767)	–	–	–	–	–	(6,767)	–	(6,767)
Issue of shares upon acquisition of associates	359	301,919	–	–	–	–	–	302,278	–	302,278
Transfer to statutory reserve	–	–	–	–	–	4,947	(4,947)	–	–	–
At 31 December 2015	3,234	1,263,986	5,831	101,192	(21,955)	4,947	(195,490)	1,161,745	–	1,161,745

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Operating activities			
Profit (loss) before taxation		**134,127**	(27,615)
Adjustments for:			
Amortisation and depreciation		**10,180**	11,017
Finance costs	8	**29,398**	13,365
Impairment loss on other receivables		**–**	2,670
Impairment loss on pawn loans receivables	20	**3,633**	–
Written-off of other receivables		**65**	–
Gain on disposal of subsidiaries	31	**(127,263)**	(3,932)
Interest income	7	**(395)**	(2,202)
Loss on disposal of property, plant and equipment		**22**	–
Net foreign exchange gain		**(624)**	(195)
Share-based payment expenses		**5,831**	–
Share of profit of associates		**(9,324)**	–
Written back of other payables		**–**	(59)
Reversal of impairment of other receivables		**(1,988)**	–
Operating cash flows before movements in working capital		**43,662**	(6,951)
Increase in inventories		**–**	(3,632)
Decrease (increase) in trade and other receivables		**3,520**	(2,456)
Increase in pawn loans receivables		**(163,956)**	–
Increase in other loan		**22,358**	–
Decrease in repossessed assets		**59**	–
(Increase) decrease in prepayments and deposits		**(9,191)**	138
Decrease in trade payables		**–**	(59)
(Decrease) increase in other payables and accruals		**(95,599)**	21,122
Cash (used in) generated from operations		**(199,147)**	8,162
Interest paid		**(5,355)**	(13,477)
Income tax paid		**(13,327)**	–
Net cash used in operating activities		**(217,829)**	(5,315)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Investing activities			
Interest received		**395**	1,786
Withdrawal of pledged bank deposits		**2,101**	50,983
Purchase of property, plant and equipment	15	**(15,262)**	(7)
Net cash outflow arising on interest in associates		**(66,423)**	–
Refund of deposits for acquisition of land use right		**–**	37,015
Addition of prepaid lease payments		**–**	(23,955)
Net cash inflow from acquisition of subsidiaries		**27,581**	–
Net cash inflow from disposal of subsidiaries	31	**183,737**	9,970
Net cash generated from investing activities		**132,129**	75,792
Financing activities			
Proceeds from placing of shares		**116,557**	–
Proceeds from bank loans		**264,627**	189,977
Repayment of bank loans		**(254,973)**	(252,461)
Proceeds from rights issue		**467,605**	–
Net cash generated from (used in) financing activities		**593,816**	(62,484)
Net increase in cash and cash equivalents		**508,116**	7,993
Cash and cash equivalents at 1 January		**16,180**	9,106
Effect of foreign exchange rate changes		**365**	(919)
Cash and cash equivalents at 31 December, represented by bank balances and cash		**524,661**	16,180
Analysis of the balances of cash and cash equivalents:			
Bank balances and cash	23	**524,661**	16,180

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong has changed from Rooms 1013 and 15, 10th Floor, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong to Suites 3001-11, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

The Group is principally engaged in investment holding, pawnshop business, industrial property development and general trading included trading of metal materials and electronic products etc.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

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

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED 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 2012-2014 Cycle[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective date to be determined.

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

Amendments to HKAS 1 Disclosure Initiative

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

The directors of the Company anticipate that the application of these other new and revised standards and amendments will have no material impact on the consolidated financial statements.

New Hong Kong Companies Ordinance (Cap. 622)

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

The provision of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' report and audits become effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis 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 and services.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The wholly owned subsidiary, Shanghai Yousheng Investment Consulting Limited ("Shanghai Yousheng"), has entered into a series of contractual agreements (details as below) with Shanghai Xinsheng Pawnshop Limited ("Pawnshop A"), Pawnshop A's direct equity holders namely Shanghai Zhifeng Holdings Limited ("Shanghai Zhifeng") and Shanghai Kuailu Investment (Group) Co., Ltd ("Shanghai Kuailu"); whereas, the wholly owned subsidiary, Shanghai Junning Investment Consulting Limited ("Shanghai Junning"), has entered into a series of contractual agreements (details as below) with Shanghai Zhongyuan Pawnshop Limited ("Pawnshop B"), Pawnshop B's direct equity holders namely Shanghai Fake Corporate Development Company Limited ("Shanghai Fake") and Shanghai Baifu Investment Holdings Company Limited ("Shanghai Baifu") which enables the Group to:

- exercise effective control over Pawnshops A and B;
- exercise equity holders' voting rights of Shanghai Zhifeng and Shanghai Kuailu during the general meeting of Pawnshop A and of Shanghai Fake and Shanghai Baifu during the general meetings of Pawnshop B;
- receive a majority of the economic benefits of Pawnshops A and B through service fees in consideration for the management and consulting services provided by Shanghai Yousheng and Shanghai Junning respectively;
- receive the residual economic benefits of Pawnshops A and B by exercising an exclusive option to purchase the entire equity interest in Pawnshops A and B when and to the extent permitted under PRC laws; and
- obtain a pledge over the entire equity interest of Pawnshops A and B from their respective equity holders.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

The details of the contractual agreements in relation to Pawnshop A (the "Contractual Agreement A") are summarised below:

(i) 獨家管理顧問服務協議 (the "Exclusive Consulting Service Agreement") dated 30 September 2014, its supplemental agreement on 20 November 2014 and its second supplemental agreement on 22 December 2014 pursuant to which Shanghai Yousheng agreed to provide the Pawnshop A with exclusive management consultancy services for managing the business of pawn broking and money lending in the PRC, and the Pawnshop A agreed to pay its profit before income tax (after deducting all necessary costs and expenses) as service fees to Shanghai Yousheng;

(ii) 股權質押合同 (the "Equity Pledge Agreement") dated 30 September 2014 and its supplemental agreement dated 20 November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to pledge the entire equity of Pawnshop A to Shanghai Yousheng, as security for the payment obligation under the Exclusive Consulting Service Agreement. Under the Equity Pledge Agreement (as amended and supplemented), except with prior written consent of Shanghai Yousheng, Shanghai Kuailu and Shanghai Zhifeng are prohibited from transferring any of its equity interest in Pawnshop A, or creating or allowing any creation of any pledge which may affect the rights and benefits of Shanghai Yousheng;

(iii) 獨家購買期權協議 (the "Exclusive Call Option Agreement") dated 30 September 2014, its supplemental agreement on 20 November 2014 and its second supplemental agreement on 22 December 2014 pursuant to which Shanghai Kuailu and Shanghai Zhifeng agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in Pawnshop A back to Shanghai Yousheng with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under applicable PRC laws and regulations, the full amount of consideration received by or paid to the registered shareholders of Pawnshop A, shall be returned to Shanghai Yousheng; and

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(iv) 授權委託協議 (the "Authorisation Agreement") dated 30 September 2014 and its supplemental agreement on 20 November 2014, pursuant to which Shanghai Kuailu and Shanghai Zhifeng have unconditionally and irrevocably authorised and entrusted Shanghai Yousheng or any party assigned by Shanghai Yousheng to exercise, at the discretion of Shanghai Yousheng, all the shareholder's rights of Pawnshop A including (without limitation) rights to approve shareholders' resolutions, file documents with the relevant companies registry, vote in shareholders' meetings, transfer or in whatever way deal with the equity interest of Pawnshop A, and all shareholders' rights provided for under the PRC laws and the articles of Pawnshop A.

The Authorisation Agreement also provided Shanghai Yousheng with the right to authorise, at any time, any of its directors and their respective successors (including the liquidation committee of Shanghai Yousheng upon liquidation of Shanghai Yousheng), and the directors (and successors) of Pawnshop A as nominated by Shanghai Yousheng (including members of the liquidation committee of Pawnshop A nominated by Shanghai Yousheng upon liquidation of Pawnshop A), to exercise all rights granted to Shanghai Yousheng under the Authorisation Agreement (as amended and supplemented), and such persons may only take instructions from Shanghai Yousheng without seeking any prior agreement with Pawnshop A.

The details of the contractual agreements in relation to Pawnshop B (the "Contractual Agreement B") are summarised below:

(i) The Exclusive Consulting Service Agreement dated 8 September 2015, pursuant to which Shanghai Junning agreed to provide the Pawnshop B with exclusive management consultancy services for managing the business of pawn broking and money lending in the PRC, and the Pawnshop B agreed to pay its profit before income tax (after deducting all necessary costs and expenses) as service fees to Shanghai Junning;

(ii) The Equity Pledge Agreement dated 8 September 2015, pursuant to which Shanghai Fake and Shanghai Baifu agreed to pledge the entire equity of Pawnshop B to Shanghai Junning, as security for the payment obligation under the Exclusive Consulting Service Agreement. Under the Equity Pledge Agreement (as amended and supplemented), except with prior written consent of Shanghai Junning, Shanghai Fake and Shanghai Baifu are prohibited from transferring any of its equity interest in Pawnshop B, or creating or allowing any creation of any pledge which may affect the rights and benefits of Shanghai Junning;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

(iii) The Exclusive Call Option Agreement dated 8 September 2015, pursuant to which Shanghai Fake and Shanghai Baifu agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in Pawnshop B back to Shanghai Junning with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under applicable PRC laws and regulations, the full amount of consideration received by or paid to the registered shareholders of Pawnshop B, shall be returned to Shanghai Junning; and

(iv) The Authorisation Agreement dated 8 September 2015, pursuant to which Shanghai Fake and Shanghai Baifu have unconditionally and irrevocably authorised and entrusted Shanghai Junning or any party assigned by Shanghai Junning to exercise, at the discretion of Shanghai Junning, all the shareholder's rights of Pawnshop B including (without limitation) rights to approve shareholders' resolutions, file documents with the relevant companies registry, vote in shareholders' meetings, transfer or in whatever way deal with the equity interest of Pawnshop B, and all shareholders' rights provided for under the PRC laws and the articles of Pawnshop B.

The Authorisation Agreement also provided Shanghai Junning with the right to authorise, at any time, any of its directors and their respective successors (including the liquidation committee of Shanghai Junning upon liquidation of Shanghai Junning), and the directors (and successors) of Pawnshop B as nominated by Shanghai Junning (including members of the liquidation committee of Pawnshop B nominated by Shanghai Junning upon liquidation of Pawnshop B), to exercise all rights granted to Shanghai Junning under the Authorisation Agreement (as amended and supplemented), and such persons may only take instructions from Shanghai Junning without seeking any prior agreement with Pawnshop B.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Pursuant to the above Contractual Agreements and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in Pawnshops A and B, the Group controls Pawnshops A and B and is considered to be the primary beneficiary of the results, assets and liabilities of Pawnshops A and B. Consequently, the Company treats Pawnshops A and B as indirect subsidiaries under HKFRS. The Group has included the financial position and results of Pawnshops A and B in the consolidated financial statements.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Loses control of subsidiaries

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Group has determined the Company's Board of Directors as its chief operating decision maker.

Business combinations

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

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

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

- liabilities or equity instruments related to share-based payment 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

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 at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligation or made payments on behalf of the associate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The 45% indirectly owned associate, Dingtai Runhe Investment Consulting (Shanghai) Co., Ltd ("Dingtai Runhe"), has entered into a series of contractual agreements (details as below) with Shanghai Intraday Financial Information Service Limited ("Shanghai Intraday"), Shanghai Intraday's direct equity holders namely Mr. Shao Yonghua ("Mr. Shao") and Mr. Zhu Wenjing ("Mr. Zhu"), which enables the Dingtai Runhe to:

- exercise effective control over Shanghai Intraday;
- exercise equity holders' voting rights of Mr. Shao and Mr. Zhu during the general meetings of Shanghai Intraday;
- receive a majority of the economic benefits of Shanghai Intraday through service fees in consideration for the management and consulting services provided by Dingtai Runhe;
- receive the residual economic benefits of Shanghai Intraday by exercising an exclusive option to purchase the entire equity interest in Shanghai Intraday when and to the extent permitted under PRC laws; and
- obtain a pledge over the entire equity interest of Shanghai Intraday from their respective equity holders.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The details of the contractual agreements in relation to Shanghai Intraday ("Contractual Agreements C") are summarised below:

(i) The Exclusive Consulting Service Agreement dated 14 April 2015, pursuant to which Dingtai Runhe agreed to provide the Shanghai Intraday with exclusive management consultancy services for managing the internet finance platform and money lending in the PRC, and the Shanghai Intraday agreed to pay its profit before income tax (after deducting all necessary costs and expenses) as service fees to Dingtai Runhe;

(ii) The Equity Pledge Agreement dated 14 April 2015, pursuant to which Mr. Shao and Mr. Zhu agreed to pledge the entire equity of Shanghai Intraday to Dingtai Runhe, as security for the payment obligation under the Exclusive Consulting Service Agreement. Under the Equity Pledge Agreement, except with prior written consent of Dingtai Runhe, Mr. Shao and Mr. Zhu are prohibited from transferring any of its equity interest in Shanghai Intraday, or creating or allowing any creation of any pledge which may affect the rights and benefits of Dingtai Runhe;

(iii) The Exclusive Call Option Agreement dated 14 April 2015, pursuant to which Mr. Shao and Mr. Zhu agreed to irrevocably undertake that insofar as permitted under applicable PRC laws and regulations, they shall transfer their respective equity interests in Shanghai Intraday back to Dingtai Runhe with nil consideration. In the event that consideration is required to be provided for such transfer under relevant PRC laws and regulations, such consideration shall be the minimum as permitted under applicable PRC laws and regulations, and that insofar as permitted under applicable PRC laws and regulations, the full amount of consideration received by or paid to the registered shareholders of Shanghai Intraday, shall be returned to Dingtai Runhe; and

(iv) The Authorisation Agreement dated 14 April 2015, pursuant to which Mr. Shao and Mr. Zhu have unconditionally and irrevocably authorised and entrusted Dingtai Runhe or any party assigned by Dingtai Runhe to exercise, at the discretion of Dingtai Runhe, all the shareholder's rights of Shanghai Intraday including (without limitation) rights to approve shareholders' resolutions, file documents with the relevant companies registry, vote in shareholders' meetings, transfer or in whatever way deal with the equity interest of Shanghai Intraday, and all shareholders' rights provided for under the PRC laws and the articles of Shanghai Intraday.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates (Continued)

The Authorisation Agreement also provided Dingtai Runhe with the right to authorise, at any time, any of its directors and their respective successors (including the liquidation committee of Dingtai Runhe upon liquidation of Dingtai Runhe), and the directors (and successors) of Shanghai Intraday as nominated by Dingtai Runhe (including members of the liquidation committee of Shanghai Intraday nominated by Dingtai Runhe upon liquidation of Shanghai Intraday), to exercise all rights granted to Dingtai Runhe under the Authorisation Agreement (as amended and supplemented), and such persons may only take instructions from Dingtai Runhe without seeking any prior agreement with Shanghai Intraday.

Pursuant to the above Contractual Agreements C and undertakings, notwithstanding the fact that the Dingtai Runhe does not hold direct equity interest in Shanghai Intraday, the Dingtai Runhe controls Shanghai Intraday and is considered to be the primary beneficiary of the results, assets and liabilities of Shanghai Intraday. Consequently, the Company treats Shanghai Intraday as an indirect associate under HKFRS. The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill (Continued)

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

The Group's policy for goodwill arising on the acquisition of an associate is described in "Investments in associates" above.

Impairment on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the 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.

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 they may be impaired.

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

If the recoverable amount of an asset (or a 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Warehouse storage income

Warehouse storage income is recognised when the storage services are rendered.

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income

Interest income (as a case may be, including the administrative fees that are an integral part of the effective interest) from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Consulting service income

Consultancy service income is recognised when the services is provided.

Gain on disposal of repossessed assets

Disposal gain is recognised when the buyer of the repossessed assets has accepted the goods and the related risks and rewards of ownership.

Repossessed assets

Repossessed assets are initially recognised at the amortised cost of the related outstanding loans on the date of repossession, which is generally below the net realisable value of the repossessed assets. Upon repossession of the assets, the related loans and advances together with the related impairment allowances, if any, are derecognised from the statements of financial position. Subsequently, repossessed assets are carried at the lower of the amount initially recognised or net realisable value and are therefore written down if and when the net realisable value falls to below the carrying amount of the asset. The difference between the net proceeds and the carrying amount of the repossessed assets is recognised as a gain/(loss) upon the disposal of the assets.

Property, plant and equipment

Property, plant and equipment including leasehold improvement, buildings, warehouse held for provision of storage services, furniture, fixtures and equipment and motor vehicles are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

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

When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets held for sale".

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in present condition subject only to terms that are usual and customary for the sale of such assets and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs of disposal. Property, plant and equipment classified as held for sale are not depreciated or amortised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

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

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

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 lumpsum 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing (Continued)

***Leasehold land for own use** (Continued)*

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 straightline 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.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing 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 on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

On the disposal of a foreign operation (that is, 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, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that 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.

Financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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

Financial assets

Financial assets are mainly classified into '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.

Effective interest method

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

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

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 pawn loans receivables, trade and other receivables, deposits, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Impairment of financial assets

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

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or counterparty; or
- a breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- deterioration in the value of collateral.

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the consolidated statements of comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Impairment of financial assets** (Continued)*

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (i.e. on the basis of the Group's grading process that considers collateral type, past due status and other relevant factors). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period (for example, changes in property prices, payment status, or other factors indicative of changes in the probability of losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

When a loan is uncollectible, it is written off against the related allowances for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated statements of profit or loss and other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Impairment of financial assets** (Continued)*

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Convertible notes

The component parts of compound instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Convertible notes** (Continued)*

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

Other financial liabilities

Other financial liabilities including trade and other payables, deposits received, deferred consideration and borrowings are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derecognition

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. 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 and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, in accordance with the rules of the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

Share options granted to employees

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 grant date and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of the reporting period, the Group revised 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 option 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 the share option reserve will be transferred to share capital and share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

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

(b) has significant influence over the Group; or

(c) is a member of the key management personnel of the Group or of a parent of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:

(a) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) both entities are joint ventures of the same third party.

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions, contingent liabilities and contingent assets

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

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

Where it is not probable that an outflow of economic benefits will be required, of the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

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

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount 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.

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

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

Critical judgements in applying accounting policies

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

Classification for warehouse for provision of storage services

The Group determines whether the warehouse in the People's Republic of China (the "PRC") should be classified as property, plant and equipment or an investment property. The warehouse is used to generate warehouse storage income that comprises warehouse rentals and income from the supply of warehouse logistics services. In making its judgement, the directors of the Company considered that income and cash flows from warehouse rentals and warehouse logistics services are interdependent and cannot be separated. In addition, the directors of the Company determined that the provision of warehouse logistics services is significant to the warehouse storage operation as a whole. For these reasons, the directors of the Company considered that the warehouse is classified as property, plant and equipment in accordance with *HKAS 16 Property, Plant and Equipment*.

Contractual agreements

Under the relevant rules and regulations prevailing in the PRC, wholly foreign-owned enterprises are not allowed to operate pawn-loan business in the PRC. The current registered equity holders of Pawnshop A are Shanghai Kuailu and Shanghai Zhifeng and of Pawnshop B are Shanghai Fake and Shanghai Baifu. As described in basis of consolidation in note 3 above, the Group's wholly owned subsidiary Shanghai Yousheng entered into a series of Contractual Agreements A with Pawnshop A, Shanghai Kuailu and Shanghai Zhifeng; whereas, the Group's wholly owned subsidiary Shanghai Junning entered into a series of Contractual Agreements B with Pawnshop B, Shanghai Fake and Shanghai Baifu. Pursuant to the Contractual Agreements A and B and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in Pawnshops A and B, management considers that the Group has power over the financial and operating policies of Pawnshops A and B and receive a majority of the economic benefits from its business activities. Accordingly, Pawnshops A and B have been treated as the indirect subsidiaries of the Company.

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

Critical judgements in applying accounting policies (Continued)

Contractual agreements *(Continued)*

Internet information service is categorised as value-added telecommunications business. Under the relevant rules and regulations prevailing in the PRC, foreign investment in value-added telecommunications business is restricted, and the foreign ownership in such business cannot exceed 50%. The current registered equity holders of Shanghai Intraday are Mr. Zhu and Mr. Shao. As described in basis of consolidation in note 3 above, the Group's indirectly hold 45% equity interest of Dingtai Runhe which entered into a series of Contractual Agreements C with Shanghai Intraday, Mr. Zhu and Mr. Shao. Pursuant to the Contractual Agreements C and undertakings, notwithstanding the fact that the Group does not hold direct equity interest in Shanghai Intraday, management considers that the Group has significant influence over the financial and operating policies of Shanghai Intraday and receive a portion of the economic benefits from its business activities. Accordingly, Shanghai Intraday has been treated as an indirect associate of the Company.

Key sources of estimation uncertainty

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

Depreciation and amortisation

The Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

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

Key sources of estimation uncertainty (Continued)

Impairment loss on property, plant and equipment and prepaid lease payments

Property, plant and equipment mainly represented the Group's warehouse property. Property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the property, plant and equipment less costs to sell or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

The recoverable amount of warehouse has been determined based on a valuation carried out by an independent qualified professional valuer not connected with the Group, using the depreciated replacement cost approach. Besides, the directors of the Company also determined the recoverable amount of warehouse with the estimation of future expected cash flows from the warehouse and a suitable discount rate. The carrying amount of property, plant and equipment is approximately HK$131,885,000 (2014: HK$133,775,000). The carrying amount of warehouse is approximately HK$118,024,000 (2014: HK$133,470,000).

Prepaid lease payments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the fair value of the prepaid lease payments less costs to sell or the future expected cash flows. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, a material impairment loss may arise.

The recoverable amount of prepaid lease payments have been determined based on a valuation carried out by independent qualified professional valuer not connected with the Group, using comparable market price of similar prepaid lease payments on an open market value with the assumptions that the prepaid lease payments are sold in the market in its existing state. The carrying amount of prepaid lease payments is approximately HK$26,403,000 (2014: HK$28,751,000).

The directors performed impairment assessment of the Group's property, plant and equipment and prepaid lease payments for the years ended 31 December 2015 and 2014, no impairment loss has been recognised for property, plant and equipment and prepaid lease payments.

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

Key sources of estimation uncertainty (Continued)

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

As at 31 December 2015, the carrying amount of trade receivables was approximately HK$1,215,000 (2014: HK$1,203,000). No impairment loss recognised for trade receivables in both years.

Impairment loss recognised in respect of other receivables, and prepayments and deposits

The Group estimates the impairment allowances for other receivables, and prepayments and deposits by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to other receivables, and prepayments and deposits where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of other receivables, and prepayments and deposits and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the each reporting period.

As at 31 December 2015, the carrying amounts of other receivables is approximately HK$1,152,000 (2014: HK$1,600,000), net of accumulated impairment loss of other receivables of approximately HK$614,000 (2014: HK$3,864,000).

As at 31 December 2015, carrying amount of other prepayment and deposits is approximately HK$11,411,000 (2014: HK$672,000), no impairment loss has been recognised for prepayment and deposits in both years.

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

Key sources of estimation uncertainty (Continued)

Impairment allowances on pawn loans receivables

The Group reviews its loan portfolios to assess impairment periodically. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss.

As at 31 December 2015, the carrying amount of pawn loans receivables is approximately HK$359,698,000 (2014: nil), net of accumulated impairment loss of approximately HK$3,633,000 (2014: nil).

Impairment loss on goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. When the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill is HK$198,326,000.

Share-based payments

The Group recognises share-based payments expense on options granted. Share-based compensation expense is based on the estimated fair value of each option at its grant date, the estimation of which requires the directors to make assumptions about future volatility of the Group's stock price, future interest rates and the timing with respect to exercise of the options. The effects of a change in one or more of these variables could result in a materially different fair value. The fair value of the share options granted during the year was estimated at HK$34,029,000 and the amount associated with share-based payments for the year ended 31 December 2015 is HK$5,831,000.

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

Share-based payments (Continued)

Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred taxes

The directors of the Company exercise full control over the dividend policy of subsidiaries in the PRC. In the opinion of the directors, it is not probable that dividends would be declared by the PRC subsidiaries in the foreseeable future. Accordingly, the Group did not provide additional deferred tax in 2015 related to the unremitted earnings of the PRC subsidiaries that are subject to withholding taxes once distributed.

5. REVENUE

Revenue represents revenue arising from sale of goods, warehouse storage income, pawn loans interest income, consultancy service income and gain on disposal of repossessed assets. An analysis of the Group's revenue for the year is as follows:

	2015 **HK$'000**	2014 HK$'000
Sales of goods	**–**	42,158
Warehouse storage income	**13,651**	12,975
Pawn loans interest income	**97,712**	–
Consultancy service income	**4,591**	–
Gain on disposal of repossessed assets	**2**	–
	115,956	55,133

6. SEGMENT INFORMATION

The Group's operations are organised into pawn loans financing and consultancy services, industrial property development business and general trading. Information reported to the chief operating decision maker ("CODM") for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group's reportable and operating segments comprise pawn loans financing, industrial property development and general trading.

– Pawn loans financing segment represents the operation of pawnshops and consultancy services in Shanghai, the PRC.

– Industrial property development segment represents the operation of warehouse in Taicang City, Jiangsu Province, the PRC.

– General trading segment included trading of metal materials and electronic products etc. Currently, the Group's general trading activities are carried out in the PRC.

Segment revenue and results

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

For the year ended 31 December 2015

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Total HK$'000
SEGMENT REVENUE	102,305	13,651	–	115,956
SEGMENT RESULTS	64,197	(10,547)	(1,813)	51,837
Unallocated corporate income				178
Unallocated corporate expenses				(44,384)
Unallocated finance costs				(4,260)
Gain on disposal of subsidiaries				127,263
Share-based payment expenses				(5,831)
Share of profit of associates				9,324
				134,127
Income tax				(17,997)
Profit for the year				116,130

6. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2014

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Total HK$'000
SEGMENT REVENUE	–	12,975	42,158	55,133
SEGMENT RESULTS	–	(17,766)	(3,679)	(21,445)
Unallocated corporate income				4,187
Unallocated corporate expenses				(10,357)
				(27,615)
Income tax				8,221
Loss for the year				(19,394)

All of the segment revenue reported above are from external customers.

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

At 31 December 2015

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Total HK$'000
ASSETS				
Segment assets	401,443	185,475	2,041	588,959
Unallocated bank balances and cash				481,128
Unallocated property, plant and equipment				12,911
Unallocated other receivables, prepayments and deposits				10,659
Interests in associates				372,075
Unallocated goodwill				196,946
Non-current assets classified as held for sale				7,588
Consolidated total assets				1,670,266
LIABILITIES				
Segment liabilities	184,911	126,126	2,387	313,424
Unallocated other payables				1,642
Unallocated convertible notes				54,885
Unallocated deferred considerations				127,920
Unallocated deferred tax liability				1,100
Liabilities directly associated with assets classified as held for sale				9,550
Consolidated total liabilities				508,521

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

At 31 December 2014

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Total HK$'000
ASSETS				
Segment assets	–	176,227	933	177,160
Unallocated bank balances and cash				985
Unallocated property, plant and equipment				172
Unallocated other receivables, prepayments and deposits				437
Assets classified as held for sale				130,906
Consolidated total assets				309,660
LIABILITIES				
Segment liabilities	–	66,507	17,692	84,199
Unallocated other payables				6,861
Liabilities directly associated with assets classified as held for sale				109,135
Consolidated total liabilities				200,195

6. SEGMENT INFORMATION (Continued)

Other information

For the year ended 31 December 2015

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
Information included in segment results/segment assets:					
Amortisation and depreciation	528	9,193	–	459	10,180
Finance costs	16,996	8,080	62	4,260	29,398
Gain on disposal of subsidiaries	–	–	–	(127,263)	(127,263)
Written-off of other receivables	–	65	–	–	65
Impairment loss on pawn loans receivables	3,633	–	–	–	3,633
Interest income	(159)	(118)	(34)	(84)	(395)
Reversal of impairment of other receivables	–	–	(1,988)	–	(1,988)

For the year ended 31 December 2014

	Pawn loans financing HK$'000	Industrial property development HK$'000	General trading HK$'000	Unallocated HK$'000	Consolidated HK$'000
Information included in segment results/segment assets:					
Amortisation and depreciation	–	10,942	–	75	11,017
Finance costs	–	12,312	1,053	–	13,365
Impairment loss on other receivables	–	–	2,670	–	2,670
Gain on disposal of a subsidiary	–	(3,932)	–	–	(3,932)
Interest income	–	(2,195)	(7)	–	(2,202)
Written back of other payables	–	–	(59)	–	(59)

6. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations are located in Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**–**	–	**558,650**	172
PRC	**115,956**	55,133	**172,330**	161,555
	115,956	55,133	**730,980**	161,727

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2015	2014
	HK$'000	HK$'000
Customer A[1]	**N/A[3]**	42,158
Customer B[2]	**N/A[3]**	10,562

1 Revenue from sale of goods.
2 Revenue from warehouse storage income.
3 The corresponding revenue did not contribute over 10% of total revenue of the Group.

For the year ended 31 December 2015, no single customer contributed 10% or more to the Group's revenue.

7. OTHER INCOME, GAINS AND LOSSES

	2015 HK$'000	2014 HK$'000
Gain on disposal of subsidiaries	127,263	3,932
Impairment loss on pawn loans receivables	(3,633)	–
Impairment loss on other receivables	–	(2,670)
Written-off of other receivables	(65)	–
Interest income	395	2,202
Loss on disposal of property, plant and equipment	(22)	–
Net foreign exchange gain	624	195
Reversal of impairment of other receivables	1,988	–
Share-based payment expenses	(5,831)	–
Sundry income	830	380
Written back of other payables	–	59
	121,549	4,098

8. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Effective interest on convertible notes	4,260	–
Interest on bank loans	11,680	13,365
Interest on other loans	13,458	–
	29,398	13,365

9. INCOME TAX

	2015 HK$'000	2014 HK$'000
Current tax:		
PRC Enterprise Income Tax	**17,304**	–
Over provision in prior years:		
PRC Enterprise Income Tax	**(433)**	(8,221)
Deferred tax (note 29):		
Current year	**1,126**	–
	17,997	(8,221)

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the years ended 31 December 2015 and 2014. No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

PRC Enterprise Income Tax ("EIT") is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiaries of the Group with certain tax concession, based on existing legislation, interpretation and practice in respect thereof.

Under the Law of the PRC on Enterprises Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiaries is 25% for both years.

No provision for PRC EIT has been made for the year ended 31 December 2014 as the Company and its subsidiaries either has not generated any assessable profits for the year or have available tax losses brought forward from prior years to offset against assessable profits generated during the year.

9. INCOME TAX (Continued)

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

	2015 **HK$'000**	2014 HK$'000
Profit (loss) before taxation	**134,127**	(27,615)
Tax at the domestic income tax rate of 25% (2014: 25%)	**33,532**	(6,904)
Tax effect of share of profit of associates	**(1,538)**	–
Tax effect of expenses not deductible for tax purpose	**8,556**	1,614
Tax effect of income not taxable for tax purpose	**(21,541)**	(7,910)
Over provision in prior years	**(433)**	(8,221)
Tax effect of tax losses not recognised as deferred tax asset	**5,339**	10,144
Utilisation of tax losses previously not recognised	**–**	(11)
Deferred tax liabilities arising on undistributed profits of associates in the PRC	**1,126**	–
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(7,044)**	3,067
Income tax expenses (credit) for the year	**17,997**	(8,221)

10. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting) the following items:

	2015 HK$'000	2014 HK$'000
Amortisation of prepaid lease payments	785	2,272
Auditor's remuneration		
– audit services	1,000	600
– other services	970	400
Cost of inventories recognised as expenses	–	42,106
Depreciation on property, plant and equipment	9,395	8,745
Gain on disposal of subsidiaries	(127,263)	(3,932)
Loss on disposal of property, plant and equipment	22	–
Impairment loss on pawn loans receivables	3,633	–
Legal and professional fees	19,700	400
Share-based payment expenses	5,831	–
Staff costs including directors' emoluments	16,987	7,205

11. DIVIDENDS

No dividends were paid, declared or proposed during the year. The directors have determined that no dividend will be paid in respect of the year.

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and CO, is as follows:

For the year ended 31 December 2015

		Fees HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonus HK$'000	Contribution to retirement benefits schemes HK$'000	Total emoluments HK$'000
Executive directors						
Ms. MA Xiaoling	(Note a)	–	1,360	680	–	2,040
Ms. CHAN Siu Mun		–	1,480	740	18	2,238
Mr. SHAO Yonghua,	(Note b)	–	554	–	–	554
Mr. CHEN Ningdi, Chief Executive Officer	(Note c)	–	848	–	7	855
		–	4,242	1,420	25	5,687
Non-executive directors						
Mr. CHAN Sze Hon	(Note d)	20	–	–	–	20
Mr. Joseph Shie Jay LANG	(Note e)	331	281	–	–	612
Mr. CHEN Ningdi	(Note c)	184	–	–	–	184
Ms. MA Xiaoling	(Note a)	127	–	–	–	127
		662	281	–	–	943
Independent non-executive directors						
Mr. CHING Men Ky, Carl	(Note f)	80	–	–	–	80
Mr. LIN Ruei Min	(Note g)	183	–	–	–	183
Mr. SHU Wa Tung, Laurence	(Note h)	60	–	–	–	60
Mr. JIN Bingrong	(Note i)	278	–	–	–	278
Mr. KWAN Kei Chor	(Note j)	240	–	–	–	240
Dr. RUI Mingjie	(Note k)	86	–	–	–	86
		927	–	–	–	927
Total emoluments		1,589	4,523	1,420	25	7,557

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2014

	Fees HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonus HK$'000	Contribution to retirement benefits schemes HK$'000	Total emoluments HK$'000
Executive directors					
Ms. MA Xiaoling, Chief Executive Officer	–	1,702	120	–	1,822
Ms. CHAN Siu Mun	–	960	80	17	1,057
	–	2,662	200	17	2,879
Non-Executive directors					
Mr. CHAN Sze Hon	240	–	–	–	240
Mr. CHING Men Ky, Carl	240	–	–	–	240
	480	–	–	–	480
Independent non-executive directors					
Mr. LIN Ruei Min	240	–	–	–	240
Mr. SHU Wa Tung, Laurence	240	–	–	–	240
	480	–	–	–	480
Total emoluments	960	2,662	200	17	3,839

No director waived any emoluments in the years ended 31 December 2015 and 2014. No incentive payment for joining the Group was paid or payable to any directors during the years ended 31 December 2015 and 2014.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group during the years ended 31 December 2015 and 2014.

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries during the years ended 31 December 2015 and 2014.

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries during the years ended 31 December 2015 and 2014.

Notes:

(a) Ms. MA Xiaoling resigned as the chief executive officer of the Company and re-designated as a non-executive director from an executive director of the Company with effect on 25 August 2015.

(b) Mr. SHAO Yonghua was appointed as an executive director of the Company with effect on 16 July 2015.

(c) Mr. CHEN Ningdi was appointed as a non-executive director of the Company with effect on 13 February 2015. He was re-designated as an executive director from a non-executive director of the Company and appointed as the chief executive officer of the Company with effect on 25 August 2015.

(d) Mr. CHAN Sze Hon resigned as the non-executive director of the Company with effect on 30 January 2015.

(e) Mr. Joseph Shie Jay LANG was appointed as a non-executive director of the Company with effect on 21 January 2015.

(f) Mr. CHING Men Ky, Carl retired as an independent non-executive director of the Company with effect on 30 April 2015.

(g) Mr. LIN Ruei Min resigned as an independent non-executive director of the Company with effect on 7 October 2015.

(h) Mr. SHU Wa Tung, Laurence resigned as an independent non-executive director of the Company with effect on 31 March 2015.

12. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (Continued)

(a) Directors' and chief executive's emoluments (Continued)

(i) Mr. JIN Bingrong was appointed as an independent non-executive director of the Company with effect on 20 March 2015.

(j) Mr. KWAN Kei Chor was appointed as an independent non-executive director of the Company with effect on 4 May 2015.

(k) Dr. RUI Mingjie was appointed as an independent non-executive director of the Company with effect on 7 October 2015.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year (2014: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year (2014: Nil).

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2015, the Company did not pay consideration to any third parties for making available directors' services (2014: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporates and connected entities with such directors

During the year ended 31 December 2015, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors (2014: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2014: Nil).

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2014: two directors), details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining three (2014: three) highest paid employees who are neither a director nor Chief Executive Officer of the Company are as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries, allowances and other benefits	**618**	1,007
Contributions to retirement benefit scheme	**105**	15
Share-based payment expenses	**5,831**	–
	6,554	1,022

The number of the highest paid employees who are not the directors and the Chief Executive Officers of the Company whose remuneration fell within the following bands is as follows:

	2015 **No. of employees**	2014 No. of employees
HK$ nil to HK$1,000,000	**–**	3
HK$1,000,001 to HK$1,500,000	**–**	–
HK$1,500,001 to HK$2,000,000	**–**	–
HK$2,000,001 to HK$2,500,000	**3**	–
	3	3

14. EARNINGS (LOSS) PER SHARE

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

	2015 **HK$'000**	2014 HK$'000
Earnings (loss)		
Earnings (loss) for the year attributable to owners of the Company for the purpose of basic earnings (loss) per share	**116,130**	(19,575)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes (net of tax)	**4,260**	–
Earnings (loss) for the purpose of diluted earnings (loss) per share	**120,390**	(19,575)

	2015 **'000**	2014 '000 (Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**2,354,846**	1,742,976
Effect of dilutive potential ordinary shares:		
– Share option	**2,679**	–
– Convertible notes	**146,434**	–
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**2,503,959**	1,742,976

14. EARNINGS (LOSS) PER SHARE (Continued)

The calculation of basic earnings per share is based on the profit (loss) attributable to owners of the Company, and the weighted average number of shares approximately 2,354,846,000 ordinary shares (2014: 1,742,976,000) in issue.

The calculation of diluted earnings per share is based on the profit attributable to the owners of the Company, adjusted to reflect the interest on the convertible notes for the year ended 31 December 2015 (2014: nil). The Company has dilutive potential ordinary shares which are the convertible notes and share option. The convertible notes are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense less the tax effect for the year ended 31 December 2015. The amounts of diluted loss per share was the same as basic loss per share because the Company had no potential ordinary shares outstanding for the year ended 31 December 2014.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the last year has been adjusted for the effect of the rights issue completed on 18 November 2015 and share subdivision on 28 December 2015.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Buildings HK$'000	Warehouse HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Construction in Progress HK$'000	Total HK$'000
Cost							
At 1 January 2014	–	2,883	170,977	3,612	5,513	–	182,985
Addition	–	–	–	7	–	–	7
Derecognised on disposal of a subsidiary	–	(1,189)	–	(1,539)	(4,113)	–	(6,841)
Reclassified as held for sale	–	(1,684)	–	(264)	(607)	–	(2,555)
Exchange realignment	–	(10)	(583)	(7)	(21)	–	(621)
At 31 December 2014 and 1 January 2015	–	–	170,394	1,809	772	–	172,975
Acquired on acquisition of subsidiaries	1,739	–	–	564	195	–	2,498
Additions	9,979	–	–	1,281	2,363	1,639	15,262
Derecognised on disposal of a subsidiary	–	–	–	–	–	(1,639)	(1,639)
Disposal	–	–	–	(841)	–	–	(841)
Written off	–	–	–	(70)	(295)	–	(365)
Exchange realignment	(95)	–	(9,445)	(49)	(73)	–	(9,662)
At 31 December 2015	**11,623**	**–**	**160,949**	**2,694**	**2,962**	**–**	**178,228**
Depreciation and impairment							
At 1 January 2014	–	725	28,502	3,251	5,404	–	37,882
Provided for the year	–	114	8,510	121	–	–	8,745
Eliminated on disposal of a subsidiary	–	(281)	–	(1,536)	(4,113)	–	(5,930)
Eliminated on reclassification as held for sale	–	(556)	–	(264)	(560)	–	(1,380)
Exchange realignment	–	(2)	(88)	(8)	(19)	–	(117)
At 31 December 2014 and 1 January 2015	–	–	36,924	1,564	712	–	39,200
Acquired on acquisition of subsidiaries	1,002	–	–	466	9	–	1,477
Provided for the year	624	–	8,378	225	168	–	9,395
Eliminated on disposal	–	–	–	(841)	–	–	(841)
Written off	–	–	–	(70)	(295)	–	(365)
Exchange realignment	(69)	–	(2,377)	(35)	(42)	–	(2,523)
At 31 December 2015	**1,557**	**–**	**42,925**	**1,309**	**552**	**–**	**46,343**
Carrying amounts							
At 31 December 2015	**10,066**	**–**	**118,024**	**1,385**	**2,410**	**–**	**131,885**
At 31 December 2014	–	–	133,470	245	60	–	133,775

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

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

Leasehold improvement	Over the shorter of remaining unexpired terms of the leases and 20%
Buildings and warehouse	Over the shorter of remaining unexpired terms of the leases and 5%
Furniture, fixtures and equipment	10%-33%
Motor vehicles	20%-25%

The buildings and warehouse are situated on land in the PRC held under a medium-term to long-term land use right.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments are amortised and charged to the profit or loss in the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

	2015 **HK$'000**	2014 HK$'000
Cost		
At 1 January	**35,938**	113,300
Addition	**–**	23,955
Derecognised on disposal of a subsidiary	**–**	(7,474)
Reclassification as held for sale	**–**	(93,483)
Exchange realignment	**(1,992)**	(360)
At 31 December	**33,946**	35,938
Accumulated amortisation		
At 1 January	**7,187**	13,928
Amortisation for the year	**785**	2,272
Elimination on disposal of a subsidiary	**–**	(691)
Elimination on reclassification as held for sale	**–**	(8,277)
Exchange realignment	**(429)**	(45)
At 31 December	**7,543**	7,187
Carrying amounts		
At 31 December	**26,403**	28,751
Analysed for reporting purposes as:		
Current assets	**754**	799
Non-current assets	**25,649**	27,952
	26,403	28,751

17. GOODWILL

	2015 HK$'000
Cost	
Balance at beginning of the year	–
Arising on acquisition of subsidiaries (note 30)	198,326
Balance at end of the year	198,326
Accumulated impairment losses	
Balance at beginning of the year	–
Impairment loss for the year	–
Balance at end of the year	–
Carrying amount	
Balance at end of the year	198,326

Goodwill arising in the year related to the acquisition of Oriental Credit Holdings Limited ("Oriental Credit") and its subsidiaries (the "Oriental Credit Group"), Humble Faith Management Limited ("Humble Faith") and its subsidiaries (the "Humble Faith Group") and Prominence Wealth & Risk Management Co., Limited (now known as Greater China Wealth & Risk Management Limited) ("Greater China Wealth") because the consideration paid and payable for the acquisition effectively included amounts in relation to the benefits originated from fast growing pawn loans financing business, the business potential of the consulting business and the assembled workforce of the acquired business. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

17. GOODWILL (Continued)

Impairment testing of goodwill

For the purpose of impairment testing, goodwill with indefinite useful lives have been allocated to two individual cash generating units (CGUs), comprising the subsidiaries in the pawn loans financing business ("Pawn Loans Financing CGU") and one subsidiary in the insurance brokerage business ("Insurance Brokerage CGU"). The carrying amounts of goodwill (net of accumulated impairment losses) as at 31 December 2015 allocated to these units are as follows:

	2015 HK$'000
Pawn Loans Financing CGU	195,996
Insurance Brokerage CGU	2,330
Total	198,326

The recoverable amount of each CGU is determined based on a value-in-use calculation. The calculation uses cash flow projections based on financial budgets approved by the management.

Assumptions were used in the value-in-use calculation of the CGUs for the year ended 31 December 2015. Their major underlying assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill are summarised below:

Discount rate per annum – the discount rate used are before tax and reflect specific risks relating to the respective industries.

Budgeted gross margins – management determined budgeted gross margin based on past performance and its expectations for the development of the market.

Pawn Loans Financing CGU

The recoverable amount of the Pawn Loan Financing CGU was determined with the assistance of the independent professional qualified valuers not connected with the Group. The calculation used cash flow projections based on financial budgets approved by management covering a three-year period, and at a discount rate range from 16.56% to 19.40%. Cash flows after the four-year period were extrapolated using growth rate range from 2% to 3% in considering the economic condition of the market.

17. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

Insurance Brokerage CGU

The recoverable amount of the insurance brokerage CGU was determined with the assistance of the independent professional qualified valuers not connected with the Group. The calculation used cash flow projections based on financial budgets approved by management covering a four-year period, and at a discount rate of 19.60%. Cash flows after the four-year period were extrapolated using 3% growth rate in considering the economic condition of the market.

During the year ended 31 December 2015, the Group is of opinion, with reference to the professional valuation performed by the independent valuers, that the CGUs was not impaired as compared with their recoverable amounts.

18. INTERESTS IN ASSOCIATES

	2015 **HK$'000**	2014 HK$'000
Cost of investment in associates – unlisted	**368,701**	–
Share of post-acquisition profit and other comprehensive income	**3,374**	–
	372,075	–

18. INTERESTS IN ASSOCIATES (Continued)

The following list contains the particulars of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of ownership interest attributable to the Company				Principal activities
			2015		2014		
			Directly	Indirectly	Directly	Indirectly	
Intraday Financial Information Service Limited ("Intraday Financial") (Note a)	British Virgin Islands ("BVI")	Ordinary US$100	45%	–	–	–	Investment holding
aBCD Enterprise Limited (Note a)	Hong Kong	Ordinary HK$3	–	45%	–	–	Investment holding
鼎泰潤和投資諮詢(上海)有限公司 Dingtai Runhe Investment Consulting (Shanghai) Co., Ltd# ("Dingtai Runhe") (Note a)	PRC	Registered capital RMB31,000,000	–	45%	–	–	Provision of consultancy service
上海當天金融信息服務有限公司 Shanghai Intraday Financial Information Service Limited# ("Shanghai Intraday") (Note a)	PRC	Registered capital RMB200,000,000	–	45%	–	–	Operation of internet finance platform
上海融鈺融資租賃有限公司 Shanghai Rongyu Finance Lease Limited# ("Shanghai Rongyu") (Note b)	PRC	Registered capital RMB210,000,000	–	25%	–	–	Provision of finance leasing service

The English transliteration of Chinese name is for reference only and should not be regarded as its official English name.

Notes:

(a) On 15 April 2015, 10 June 2015 and 25 June 2015, the Company entered into a conditional sale and purchase agreement, first supplemental agreement and second supplemental agreement respectively with Long Tu Limited ("Long Tu"), for the acquisition of 45% issued share capital of Intraday Financial at the consideration of HK$272,840,000. The consideration was satisfied by issue of 71,800,000 shares of the Company at the price of HK$3.8. The acquisition was completed on 8 July 2015.

Intraday Financial is the legal and beneficial owner of the entire registered capital of Dingtai Runhe, which has entered into Contractual Agreements C with Shanghai Intraday, and its registered shareholders, i.e. Mr. Shao and Mr. Zhu on 14 April 2015. Through these Contractual Agreements C, Dingtai Runhe has effective control over the financial and business operations of the Shanghai Intraday, and is entitled to the economic interest and benefits of the Shanghai Intraday which is engaged in the operation of an internet finance platform in Shanghai, the PRC.

18. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(a) (Continued)

The Contractual Agreements C currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement, (b) the Equity Pledge Agreement, (c) the Exclusive Call Option Agreement, and (d) the Authorisation Agreement.

(b) On 3 July 2015, an indirect wholly-owned subsidiary of the Company completed acquisition of 25% equity interest in Shanghai Rongyu at a consideration of RMB100,000. Pursuant to the amendment deed, the indirect wholly-owned subsidiary contributed RMB52,500,000 as capital contribution on pro-rata basis in respect of its 25% equity interest into Shanghai Rongyu on 29 July 2015. Following the capital contribution, the indirect wholly-owned subsidiary of the Company had 25% equity interests in Shanghai Rongyu. Shanghai Rongyu was established for the provision of finance leasing service in Shanghai, the PRC. The acquisition was completed on 3 July 2015.

Summarised financial information for associates

Summarised financial information in respect of the Group's associates is set out below. The summarised financial information below represents amounts shown in the associates' financial statements prepared in accordance with HKFRSs.

All of these associates are accounted for using the equity method in these financial statements.

Summarised statement of financial position

	Shanghai Rongyu 2015 HK$'000	**Intraday Group 2015** HK$'000
Current assets	234,764	156,185
Current liabilities	(7,481)	(76,146)
Non-current assets	35,615	6,608
Non-current liabilities	–	(122)

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

Summarised statement of profit or loss and other comprehensive income

	Shanghai Rongyu 4 July 2015 to 31 December 2015 HK$'000	Intraday Group 8 July 2015 to 31 December 2015 HK$'000
Revenue and other revenue	17,369	56,206
Profit for the year	12,528	13,760
Other comprehensive expenses	(15,305)	(4,719)
Total comprehensive (expense) income	(2,777)	9,041

The information above reflects the amounts presented in financial information of the associates adjusted for differences in accounting policies between the Group and the associates.

18. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information for associates (Continued)

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

	Shanghai Rongyu 2015 HK$'000	Intraday Group 2015 HK$'000
Net assets	265,692	77,484
Profit for the year	12,528	13,760
Share of translation reserve	(15,305)	(4,719)
Net assets as at 31 December 2015	262,915	86,525
Interests in associates (25%; 45%)	65,729	38,936
Goodwill	–	267,410
Carrying amounts	65,729	306,346

19. REPOSSESSED ASSETS

	2015 HK$'000	2014 HK$'000
Pawn collaterals	41	–

20. PAWN LOANS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Personal property backed pawn loans	**195,497**	–
Real estate backed pawn loans	**11,459**	–
Equity interest backed pawn loans	**156,375**	–
	363,331	–
Less: Impairment allowances – collectively assessed	**(3,633)**	–
	359,698	–

Pawn loans receivables are arising from the Group's pawn loans business. The loan periods granted to customers are within six months. The pawn loans provided to customers bear fixed interest rates ranging from 0.27% to 0.48% per month and administrative fee rate ranging from 1.56% to 4.20% per month for the year ended 31 December 2015.

As at 31 December 2015, in the opinion of the directors of the Company, the Group held collateral with value not less than the carrying amount of the pawn loan receivables.

Pawn loans receivables are all denominated in RMB. The impairment allowances of pawn loans receivables are recognised based on the Group's best estimate of amounts that are potentially uncollectible.

As at 31 December 2015, renewed loans amounted to HK$170,071,000, comprising personal property backed pawn loans of HK$103,105,000, real estate backed pawn loans of HK$9,669,000 and equity interest backed pawn loans of HK$57,297,000. No renewed loans had substantially modified their original contractual terms for the year ended 31 December 2015.

20. PAWN LOANS RECEIVABLES (Continued)

The ageing of the pawn loans receivables are calculated starting from the original granting date without considering the subsequent renewal of the loans. The ageing analysis of pawn loans receivables net of provision for impairment of pawn loans receivables is set out below:

	2015 HK$'000	2014 HK$'000
0 – 90 days	140,039	–
91 – 180 days	115,505	–
181 – 365 days	33,716	–
Over 365 days	70,438	–
	359,698	–

The movements in impairment allowances of pawn loans receivables are as follows:

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	–	–
Impairment allowances recognised	3,633	–
Exchange realignment	–	–
Balance at end of the year	3,633	–

Pawn loans receivables that were neither past due nor impaired relate to recognised and creditworthy borrowers for whom there was no recent history of default.

21. TRADE AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	1,215	1,203
Less: Impairment loss recognised	–	–
	1,215	1,203
Other receivables	1,766	5,464
Less: Impairment loss recognised	(614)	(3,864)
	1,152	1,600
Total trade and other receivables	2,367	2,803

The Group allows an average credit period of 90 days to its trade customers and 30 days to its warehouse tenants. The following is an ageing analysis of trade receivables net of impairment loss based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates.

	2015 HK$'000	2014 HK$'000
0 – 30 days	1,192	1,203
31 – 60 days	23	–
61 – 90 days	–	–
Over 90 days	–	–
	1,215	1,203

21. TRADE AND OTHER RECEIVABLES (Continued)

Before accepting any new customer, the Group assesses the credit quality of each potential customer. The Group reviewed the repayment history of receivables of each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

The Group has certain concentration risk on trade receivables as it has two (2014: two) customers with outstanding balances of approximately HK$1,215,000 (2014: HK$1,203,000) as at 31 December 2015.

The directors of the Company consider that the fair values of trade receivables which are expected to be recovered within 30 days are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The movements in impairment loss of trade receivables are as follows:

	2015 **HK$'000**	2014 HK$'000
Balance at beginning of the year	**–**	179
Amounts written off during the year as uncollectible	**–**	(179)
Exchange realignment	**–**	–
Balance at end of the year	**–**	–

21. TRADE AND OTHER RECEIVABLES (Continued)

The movements in impairment loss of other receivables are as follows:

	2015 HK$'000	2014 HK$'000
Balance at beginning of the year	**3,864**	5,672
Recognised during the year	**–**	2,670
Amounts recovered during the year	**(1,988)**	–
Amounts written off during the year as uncollectible	**(1,172)**	(4,456)
Exchange realignment	**(90)**	(22)
Balance at end of the year	**614**	3,864

22. PREPAYMENTS AND DEPOSITS

	2015 HK$'000	2014 HK$'000
Prepayments	**1,469**	228
Deposits in proposed acquisition of subsidiaries (Note 44)	**5,250**	–
Rental and utilities deposits	**4,638**	444
Other deposits	**54**	–
Total prepayments and deposits	**11,411**	672
Analysed for reporting purposes as:		
Current assets	**8,366**	672
Non-current assets	**3,045**	–
	11,411	672

23. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

Bank balances carry interest at market rates which range from nil to 0.42% (31 December 2014: nil to 0.42%) per annum. The pledged bank deposits carry fixed interest rate of 3.00% (31 December 2014: 4.25%) per annum.

Bank deposits amounting to HK$35,811,000 have been pledged to secure a short-term bank loan at 31 December 2015. The pledged bank deposits will be released upon the settlement of the relevant bank borrowing. As at 31 December 2014, the pledged bank deposits amounting to HK$37,912,000 were directly associated with the disposal group classified as held for sale. Details of which are set out in note 24.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related item in the consolidated statement of financial position as follows:

	2015 **HK$'000**	2014 HK$'000
Bank balances and cash	**524,661**	12,753
Bank balances and cash included in a disposal group classified as held for sale	**–**	3,427
	524,661	16,180

24. ASSETS CLASSIFIED AS HELD FOR SALE

	2015 HK$'000	2014 HK$'000
Property, plant and equipment (Note a)	**1,066**	1,128
Prepaid lease payments (Note a)	**6,522**	6,905
Assets related to industrial properties development business (Note b)	**–**	122,873
	7,588	130,906
Deposit received (Note a)	**9,550**	10,110
Liabilities related to industrial properties development business (Note b)	**–**	99,025
	9,550	109,135

Notes:

(a) On 29 October 2014, the Group entered into a property sale and purchase agreement with an independent third party to dispose the office building together with the land portion situated at Unit 508, Level 5, Block 2, Phase 1, Jinguanyuan, No. 16 Xinhua Lane, Xicheng District, Beijing, the PRC. As at 31 December 2015, the disposal has not yet been completed. The assets and liabilities attributable to the office building have been reclassified as held for sale and presented separately in the consolidated statement of financial position. No impairment loss was recognised on classification of prepaid lease payments and property, plant and equipment as assets held for sale at 31 December 2015 as the fair value, based on the contracted selling price less cost to sell is higher than their respective carrying amounts. The transaction was completed on 14 March 2016.

(b) On 14 January 2015, (i) a wholly-owned subsidiary of the Company entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Keycharm Investment Limited ("Keycharm"), an indirectly wholly-owned subsidiary of the Company (the "Keycharm Agreement"); and (ii) the Company entered into a sale and purchase agreement in relation to the disposal of the 100% share capital of Toobright Limited ("Toobright"), a wholly-owned subsidiary of the Company (the "Toobright Agreement").

Keycharm and Toobright and its subsidiary were engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in the PRC. On 25 February 2015, the disposal was completed, Keycharm and Toobright and its subsidiary ceased to be the subsidiaries of the Company. (see note 31)

25. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Accrued expenses	**7,474**	2,320
Deposits received	**907**	10,872
Receipts in advance (Note a)	**3,150**	311
Other payables (Note b)	**19,808**	5,523
	31,339	19,026

Notes:

(a) Included in receipts in advance are receipts from warehouse storage customers and from pawnshop customers.

(b) Included in other payables are consideration payable to the vendor of Humble Faith Group, amounting to HK$12,139,000.

26. BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank loans (Note a)	**123,548**	72,034
Entrusted bank loans (Note b)	**41,779**	–
Other loans (Note c)	**112,208**	–
	277,535	72,034
Secured	**277,535**	72,034
Unsecured	**–**	–
	277,535	72,034
Carrying amount repayable:		
Within one year	**199,945**	30,330
More than one year, but not exceeding two years	**17,905**	15,165
More than two years, but not more than five years	**59,685**	26,539
More than five years	**–**	–
	277,535	72,034
Less: Amounts shown under current liabilities	**(199,945)**	(30,330)
	77,590	41,704

Notes:

(a) Bank loans were secured by the pledge of Group's assets as set out in note 36. The loans carry effective interest at fixed rates ranging from 5.10% to 7.91% per annum.

26. BORROWINGS (Continued)

Notes: (Continued)

(b) The entrusted loan was secured by guarantee provided by Shanghai Kuailu, a registered shareholder of Pawnshop A, to a bank for making the loan to Pawnshop A. The effective interest rate of the entrusted loan was 5.6% per annum.

(c) Other loans obtained from an independent asset management company located in Shanghai have fixed repayment terms which are ranging from one to six months. As at 31 December 2015, the other loans are secured by the pawn loans receivables. The loans carry an interest at fixed rates of 14% per annum.

27. CONVERTIBLE NOTES

As part of the consideration for the acquisition of Oriental Credit Group as disclosed in note 30, 2014 Convertible Note with principal amount of HK$85,401,768 with conversion price of HK$1.2 was issued to the vendors of the Oriental Credit Group on 3 June 2015. It entitled the holders to convert it into ordinary shares of the Company at any time between the date upon the expiry of the Put Option period and 21 business days before maturity date, which is on the fifth anniversary of the date of issue of 2014 Convertible Note. If the 2014 Convertible Note has not been converted, it will be redeemed on maturity date at the entire principal amount. The 2014 Convertible Note bears no interest.

The Convertible Note contains two components, liability and equity components. The equity component represents the value of the conversion option, which is credited directly to equity as convertible notes reserve of the Company and the Group. The liability component of the convertible notes is carried as a non-current liability on amortised cost basis until extinguished on conversion or redemption. The effective interest rate of the liability component is 9.98% per annum.

27. CONVERTIBLE NOTES (Continued)

The carrying amounts of above-mentioned convertible notes recognised at the end of the reporting period were calculated as follows:

	2015 HK$'000
Equity component	
Fair value of the entire convertible notes, at the date of issuance (Note a)	151,817
Fair value of the liability component, at the date of issuance	(50,625)
	101,192
Liability component	
At the date of issuance	50,625
Effective interest expenses	4,260
Balance at end of the year	54,885
Principal amount, at end of the year	85,402

Note:

(a) The fair value of the entire convertible notes at the date of issuance included in 2014. Convertible Note of amount HK$129,250,000 and additional consideration of convertible notes for performance target adjustment of 2014 of amount HK$22,567,000.

28. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.005 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	421,978,000	2,109,890
Share subdivision (Note d)	1,687,912,000	–
Ordinary shares of HK$0.001 each		
At 31 December 2015	2,109,890,000	2,109,890
Preference shares of HK$0.005 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	22,000	110
Share subdivision (Note d)	88,000	–
Preference shares of HK$0.001 each		
At 31 December 2015	110,000	110
Issued and fully paid:		
Ordinary shares of HK$0.005 each		
At 1 January 2014, 31 December 2014 and 1 January 2015	299,847	1,499
Placing of shares (Note a)	59,600	298
Issue of shares upon acquisition of associates (Note b)	71,800	359
Issue of shares upon rights issue (Note c)	215,623	1,078
Share subdivision (Note d)	2,587,483	–
Ordinary shares of HK$0.001 each at 31 December 2015	3,234,353	3,234

28. SHARE CAPITAL (Continued)

Notes:

(a) On 9 January 2015, the Company allotted and issued 59,600,000 new shares of HK$0.005* each at a price of HK$2 per share by placing.

(b) Pursuant to the agreement in respect of the acquisition as disclosed in note 18 to the consolidated financial statements, 71,800,000 shares of HK$0.005* each at a price of HK$3.8 per share in the capital of the Company were issued and allotted to the vendor under the acquisition.

(c) On 17 November 2015, the Company issued 215,623,557 rights shares of HK$0.005* each at prices of HK$2.2 per rights share on the basis of one new share for every two shares held on the 10 November 2015.

(d) Pursuant to an ordinary resolution passed at a special general meeting held on 23 December 2015, (i) every one existing issued and unissued share of par value of HK$0.005 each in the share capital of the Company was subdivided into five subdivided shares of par value of HK$0.001 each and (ii) each of the existing issued and unissued preference share of the Company of par value of HK$0.005 each in the share capital of the Company was sub-divided into five subdivided preference shares of par value of HK$0.001 each. Share subdivision was effective on 28 December 2015.

* Being prices before adjusting for the share subdivision

29. DEFERRED TAX LIABILITY

	Undistributed profits of associates HK$'000
At 1 January 2014, 31 December 2014 And 1 January 2015	–
Charged to profit or loss for the year	1,126
Exchange realignment	(26)
At 31 December 2015	1,100

The Group has unutilised tax losses arising in PRC of approximately HK$86,788,000 (2014: HK$73,398,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses amounting to approximately HK$194,526,000 (2014: HK$171,570,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries and associates established in the PRC in respect of earnings generated from 1 January 2008.

As at 31 December 2015, the aggregate amount of temporary differences associated with undistributed profits of subsidiaries in the PRC for which deferred tax liability in relation to withholding tax have not been recognised was HK$5,259,000 (2014: nil). The directors consider that the timing for reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

30. ACQUISITION OF SUBSIDIARIES

During the year ended 31 December 2015, for the purpose of business expansion, the Group had acquired controlling equity interests of the following entities, using acquisition method:

(a) Acquisition of Pawnshop A

On 20 November 2014, the Company entered into a conditional sale and purchase agreement with Mr. Joseph Shie Jay Lang as vendor guarantor, Rosy Start Investments Limited ("Rosy Start"), Equity Partner Holdings Limited ("Equity Partner"), Century Best Holdings Limited ("Century Best") and Asiabiz Capital Investment Limited ("Asiabiz"), together, being the vendors (the "Vendors") collectively holding the entire equity interest in Oriental Credit, for the acquisition of the entire issued share capital of Oriental Credit. Among the Vendors, Mr. Joseph Shie Jay Lang is the sole legal and beneficial owner of the entire issued share capital of Rosy Start, Equity Partner and Century Best. The agreement was subsequently amended by a first supplemental agreement dated 3 June 2015 and a second supplemental agreement dated 8 January 2016.

Oriental Credit is the legal and beneficial owner of the entire registered capital of Shanghai Yousheng, which has entered into Contractual Agreements A with Pawnshop A, and its registered shareholders, i.e. Shanghai Zhifeng and Shanghai Kuailu in September, November and December 2014. Through these Contractual Agreements A, the Shanghai Yousheng has effective control over the financial and business operations of the Pawnshop A, and is entitled to the economic interest and benefits of the Pawnshop A which is engaged in pawnshop business in Shanghai, the PRC.

The contractual arrangements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement (as supplemented by the supplemental agreement to the Exclusive Consulting Service Agreement and second supplemental agreement to Exclusive Consulting Service Agreement), (b) the Equity Pledge Agreement (as supplemented by the supplemental agreement to Equity Pledge Agreement), (c) the Exclusive Call Option Agreement (as supplemented by the supplemental agreement to Exclusive Call Option Agreement and second supplemental agreement to Exclusive Call Option Agreement), and (d) the Authorisation Agreement.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the sale shares for a total consideration of HK$150,000,000 which may be raised to HK$180,000,000 subject to adjustment on the basis of performance targets achieved for 2014, 2015 and 2016 according to the audited consolidated net profit after taxation of Oriental Credit and its subsidiaries for the respective accounting periods.

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

Initial consideration

The consideration shall initially be HK$150,000,000 for the sale shares, subject to adjustments, in accordance with the sale and purchase agreement.

The consideration shall be satisfied by the Company by way of issue of convertible notes in the following manner:

(a) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2014, a sum of HK$80,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the "2014 Convertible Note") to the Vendors;

(b) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2015, a sum of HK$35,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the "2015 Convertible Note") to the Vendors; and

(c) after the issue of the audited accounts of Oriental Credit for the financial year ending 31 December 2016, a sum of HK$35,000,000 (subject to adjustment) will be paid by way of issue of the convertible notes (the "2016 Convertible Note") to the Vendors.

The convertible notes shall be issued to each Vendor in accordance with the respective shareholding ratio.

The 2014 Convertible Note, 2015 Convertible Note and 2016 Convertible Note at convertible into ordinary shares of the Company at a conversion price HK$1.2 (before sub-division) per conversion share in the date upon the expiry of the put option period and ending on the 21st business day before the maturity date (the "Conversion Period").

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

Performance targets and consideration adjustments

The initial consideration (and accordingly the initial principal amount of convertible notes) is subject to adjustment of maximum of HK$30,000,000 on the basis of the following performance targets of Oriental Credit:

(i) the audited consolidated net profit after tax of Oriental Credit Group for the financial year ending 31 December 2014 shall not be less than HK$15,000,000 (the "2014 Performance Target");

(ii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2015 shall not be less than HK$25,000,000 (the "2015 Performance Target"); and

(iii) the audited consolidated net profit after tax of the Oriental Credit Group for the financial year ending 31 December 2016 shall not be less than HK$40,000,000 (the "2016 Performance Target" and, together with the 2014 Performance Target and the 2015 Performance Target, the "Performance Targets").

Put option

Upon the sole and absolute discretion of the Board, the Company shall be entitled to require each Vendor, severally but not jointly, to repurchase all sale shares held by it (the "Put Option"). The amount payable by the Vendors for the repurchase of the sale shares upon the Company exercising the Put Option shall be equivalent to the Consideration (the "Put Price"). The Put Price shall be set off against the amounts of the Consideration and the 2014 Convertible Note and 2015 Convertible Note (if issued) shall be cancelled.

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

Put option *(Continued)*

On 21 January 2015, the acquisition was completed and the fair values of consideration transferrable are as follows:

	HK$'000
Initial consideration	
– 2014 Convertible Note	129,250
– 2015 Convertible Note	64,020
– 2016 Convertible Note	63,900
	257,170
Additional consideration by issuing of convertible notes	22,567
Total consideration	279,737

The directors have engaged an independent valuer to determine the fair value of the contingent considerations, and contingent consideration to be recognised, in accordance with HKFRS 13 *Fair Value Measurement* issued by the HKICPA. Fair value is defined in HKFRS 13 as "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". The independent valuer has reviewed the methodologies and the key valuation parameters and business assumptions adopted.

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

Put option *(Continued)*

The fair value of the deferred convertible notes included in the initial consideration is valued by Black-Scholes Model. Key valuation parameters include discount rates, volatility and spot share price and conversion price.

As per HKFRS 3, *Business Combinations*, an acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the acquirer shall also recognise additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. According to the audited financial statements of the Oriental Credit Group for the year ended 31 December 2014 issued by another auditor on 5 March 2015, the 2014 Net Profit was HK$19,944,001. Based on the adjustment formula, the adjusted principal amount of the 2014 Convertible Note shall be HK$85,401,768 (HK$80,000,000 for 2014 Convertible Notes and HK$5,401,768 for additional convertible notes issued in accordance with 2014 Performance Target) was issued on 3 June 2015. The 2014 Convertible Note is convertible into ordinary shares of the Company at conversion price HK$1.2 per conversion share in the conversion period.

At 31 December 2015, the deferred consideration of HK$127,920,000 includes 2015 Convertible Note for HK$64,020,000 and 2016 Convertible Note for HK$63,900,000.

The principal amount for additional convertible notes will be issued in accordance with 2015 Performance Target and 2016 Performance Target. Details are set out in note 27.

Certain terms and conditions of sale and purchase agreement (as amended by the first supplemental agreement dated 3 June 2015) were amended after the year ended of 2015. Please refer to note 44(ii).

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

***Put option** (Continued)*

On 21 January 2015, the net identified assets acquired and liabilities assumed, at fair value of Oriental Credit Group are as follows:

	HK$'000
Non-current asset	
Property, plant and equipment	1,005
Current assets	
Repossessed assets	44
Pawn loans receivables	213,519
Prepayments, deposits and other receivables	1,690
Bank balances and cash	19,674
Current liabilities	
Other loans	(94,606)
Other payables	(11,987)
Amount due to a director	(9)
Bank loan	(44,209)
Net identified assets acquired and liabilities assumed, at fair value	85,121
Goodwill arising from the acquisition	194,616
Total fair value consideration	279,737
Net cash inflow arising on acquisition:	
Cash and cash equivalent acquired of	19,674

30. ACQUISITION OF SUBSIDIARIES (Continued)

(a) Acquisition of Pawnshop A (Continued)

Put option *(Continued)*

The directors have engaged the independent valuer to determine the fair value of the net tangible assets and intangible assets (if any) of Oriental Credit Group, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the Acquisition represents the excess of the fair value of the considerations to be payable by the Group over the fair value of net tangible assets of Oriental Credit Group.

(b) Acquisition of Pawnshop B

On 31 July 2015, the Company entered into a conditional sale and purchase agreement with an independent third party, being the vendor holding the entire equity interest in Humble Faith, for the acquisition of the entire issued share capital of Humble Faith.

Humble Faith is the legal and beneficial owner of the entire registered capital of Shanghai Junning, which has entered into Contractual Agreements B with Pawnshop B, and its registered shareholders, i.e. Shanghai Fake and Shanghai Baifu on 8 September 2015. Through these Contractual Agreements B, the Shanghai Junning has effective control over the financial and business operations of the Pawnshop B, and is entitled to the economic interest and benefits of the Pawnshop B which is engaged in pawnshop business in Shanghai, the PRC.

The contractual arrangements currently in effect comprise the following agreements, namely (a) the Exclusive Consulting Service Agreement, (b) the Equity Pledge Agreement, (c) the Exclusive Call Option Agreement and (d) the Authorisation Agreement.

30. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Pawnshop B (Continued)

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the sale shares for a total cash consideration of the sum of Hong Kong Dollars equivalent to RMB51,000,000. On 11 September 2015, a sum of Hong Kong Dollars equivalent to RMB41,000,000 was paid to the vendor; and a sum of Hong Kong Dollars equivalent to RMB10,000,000 will be paid to the vendor on or before 31 March 2016.

On 11 September 2015, the net identified assets acquired and liabilities assumed, at fair value of Humble Faith Group are as follows:

	HK$'000
Non-current asset	
Property, plant and equipment	16
Current assets	
Repossessed assets	59
Amount due from a shareholder	390
Pawn loans receivables	51
Prepayments, deposits and other receivables	74
Bank balances and cash	60,672
Current liabilities	
Other payables	(733)
Net identified assets acquired and liabilities assumed, at fair value	60,529
Goodwill arising from the acquisition	1,380
Total fair value consideration	61,909
Net cash inflow arising on acquisition:	
Cash consideration paid	(49,770)
Less: Cash and cash equivalents acquired of	60,672
	10,902

30. ACQUISITION OF SUBSIDIARIES (Continued)

(b) Acquisition of Pawnshop B (Continued)

The directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets (if any) of Humble Faith Group, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid or payable by the Group over the fair value of net tangible assets of Humble Faith Group.

(c) Acquisition of the insurance brokerage service company

On 26 November 2015, a subsidiary of the Group entered into a conditional sale and purchase agreement for the acquisition of the entire issued share capital of Greater China Wealth.

According to the conditional sale and purchase agreement, the Company has conditionally agreed to acquire the entire issued share capital of Greater China Wealth for a total cash consideration of the sum of HK$2,999,000.

On 26 November 2015, the net identified assets acquired and liabilities assumed, at fair value are as follows:

	HK$'000
Current assets	
Amount due from an ultimate holding company	658
Prepayments and deposits	7
Bank balances and cash	4
Net identified assets acquired and liabilities assumed, at fair value	669
Goodwill arising from the acquisition	2,330
Total fair value consideration	2,999
Net cash outflow arising on acquisition:	
Cash consideration paid	(2,999)
Less: Cash and cash equivalent acquired of	4
	(2,995)

30. ACQUISITION OF SUBSIDIARIES (Continued)

(c) Acquisition of the insurance brokerage service company (Continued)

The directors have engaged an independent valuer to determine the fair value of the net tangible assets and intangible assets (if any) of Greater China Wealth, in accordance with HKFRS 13. No identifiable intangible assets are identified.

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid or payable by the Group over the fair value of net tangible assets acquired.

31. DISPOSAL OF SUBSIDIARIES

On 25 February 2015, the Group disposed of its 100% equity interests in Keycharm and Toobright and its subsidiary ("Keycharm Group") which are engaged in construction of port infrastructure, development of petrochemical industry projects, production of petrochemical products and sale of such products in Taicang City, Jiangsu Province, the PRC, to an independent third party at an aggregate cash consideration of HK$221,821,000 (equivalent to RMB178,228,000), which comprises the initial consideration of HK$169,966,000 (equivalent to RMB137,000,000) and additional consideration of HK$51,855,000 (equivalent to RMB41,228,000). Further details of the disposal are set out in the circular of the Company dated 26 January 2015.

On 15 December 2014, the Group entered into a sale and purchase agreement with an independent third party to dispose of its entire 95% equity interests in 北京三智興業投資有限公司 (transliterated as Beijing Sanzhi Xingye Investment Company Limited) ("Beijing Sanzhi") which carried out consultation services for a cash consideration of RMB8,000,000 (approximately HK$10,109,000). The disposal was approved by the board of directors of the Group and completed on the same date.

31. DISPOSAL OF SUBSIDIARIES (Continued)

Analysis of assets and liabilities as at the date of disposal are as follows:

	Keycharm Group 2015 HK$'000	Beijing Sanzhi 2014 HK$'000
Property, plant and equipment	–	911
Prepaid lease payments	78,114	6,783
Construction in progress	1,639	–
Inventory	–	3,632
Other receivables	3,112	2,527
Cash and cash equivalents	38,084	139
Amounts due from the group companies	60,540	–
Bank loan	(46,646)	–
Other payables and accruals	(305)	(6,479)
Net assets disposal of	134,538	7,513

Gain on disposal of subsidiaries:

	2015 HK$'000	2014 HK$'000
Cash consideration received	221,821	10,109
Net assets disposal of	(134,538)	(7,513)
Non-controlling interests	–	376
Cumulative exchange gain in respect of the net assets of subsidiaries	39,980	960
Gain on disposal	127,263	3,932

Net cash inflow on disposal of subsidiaries:

	2015 HK$'000	2014 HK$'000
Cash consideration received	221,821	10,109
Less: cash and cash equivalent balances disposed of	(38,084)	(139)
	183,737	9,970

32. SHARE OPTIONS SCHEME

In 2011, the Company adopted a share option scheme ("2011 Share Option Scheme"), which will expire on 19 June 2021, for the purpose of providing incentives or reward to eligible participants for their contribution 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 invested entity. Under the 2011 Share Option Scheme, the directors of the Company may grant options to any employees (including any executive directors), non-executive directors, suppliers of goods or services and customers of the Group; and any persons or entities that provide research, development or other technological support to the Group.

An option may be accepted by a participant within 28 days from the date of the offer of grant of the option by payment from the participant of HK$1.00. An option may be exercised in accordance with the terms of the 2011 Share Option Scheme at any time during a period to be determined and notified by the Board to each grantee, save that such period shall end in any event not later than ten years from the date of grant of the option and subject to the provisions for early termination thereof.

The subscription price for shares under the 2011 Share Option Scheme will be a price to be determined by the Board, but may not be less than the highest of (i) the closing price of the shares as stated on the Stock Exchange's daily quotations sheets on the date of grant of the particular option; (ii) the average closing price of the shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the particular option; or (iii) the nominal value of a share.

The total number of shares which may be issued upon exercise of all options to be granted under the 2011 Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at the adoption date. Besides, the maximum number of shares which may be issued upon exercise of all outstanding options granted under the 2011 Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 30% of the total number of shares in issue from time to time. The total number of shares issued and which may fall to be issued upon exercise of the options granted under the 2011 Share Option Scheme and any other share option scheme of the Group to each participant in any 12-month period shall not exceed 1% of the total number of shares in issue for the time being.

As at 31 December 2015, the number of shares in respect of the options granted and remained outstanding under the 2011 Share Option Scheme was 90,000,000 (adjusted for the share subdivision), representing 2.78% of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the 2011 Share Option Scheme was 149,923,555 (adjusted for the share subdivision), representing 4.64% of the issued shares of the Company.

32. SHARE OPTIONS SCHEME (Continued)

Movements of the Company's share options held by employees during the year ended 31 December 2015 are set out below:

	Number of share options								
		Before Share Subdivision			After Share Subdivision				
Category of participants	As at 1 January 2015	Granted	Exercised	Adjusted for Share Subdivision	Granted	Exercised	As at 31 December 2015	Date of grant	Exercise price HK$
Employees	–	18,000,000	–	72,000,000	–	–	90,000,000	20 November 2015	0.92
Total	–	18,000,000	–	72,000,000	–	–	90,000,000		
Exercise price	–	4.59	–	–	–	–	0.92		

On 20 November 2015, the Company granted a total of 18,000,000 share options under the Scheme to employees of the Group. The validity period of the options is 30 months from the date of grant of the options, i.e. from 20 November 2015 to 19 November 2018. The options will entitle the grantees to subscribe for a total of 18,000,000 new shares of HK$0.005 each at an exercise price of HK$4.59 per share.

The share options are divided into 3 tranches exercisable from (i) expiry date of Put Option period as stated in the second supplemental agreement dated 8 January 2016, (ii) 20 November 2016, and (iii) 20 May 2017 respectively to 19 November 2018.

As a result of the share subdivision which was effective on 28 December 2015, the exercise price per share and number of outstanding share options granted on 20 November 2015 were adjusted from HK$4.59 to HK$0.92 and from 18,000,000 to 90,000,000 respectively.

32. SHARE OPTIONS SCHEME (Continued)

The fair value of equity-settled share options granted during the year ended 31 December 2015 was estimated as at the date of grant, using a Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2015
Exercise price (HK$)	4.59
Share price at the date of grant (HK$)	4.59
Dividend yield (%)	–
Expected volatility (%)	70.58
Risk-free interest rate (%)	0.626
Expected life of options (years)	2.497

The expected life of the options is based on the contractual life and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The fair value of the share options granted during the year ended 31 December 2015 was HK$34,029,000. The fair value per option granted was HK$1.89. The Group recognised share-based payment expenses of HK$5,831,000 for the year ended 31 December 2015.

33. OPERATING LEASES

The Group as lessee

	2015 HK$'000	2014 HK$'000
Minimum lease payments under operating leases in respect of office properties	**9,779**	944

33. OPERATING LEASES (Continued)

The Group as lessee (Continued)

At the end of reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	15,049	300
In the second to fifth year inclusive	14,685	–
	29,734	300

Operating lease payments represent rentals payable by the Group for certain of its office properties in Hong Kong and the PRC. Leases are negotiated for an average term of two to three years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum payments for storage facilities.

	2015 HK$'000	2014 HK$'000
Within one year	11,662	13,729
In the second to fifth year inclusive	3,427	15,975
	15,089	29,704

Warehouse storage income earned during the year was HK$13,651,000 (2014: HK$12,975,000).

34. CAPITAL COMMITMENTS

As at 31 December 2014 and 2015, the Group and the Company did not have any significant capital commitments.

35. RETIREMENT BENEFITS SCHEMES

The Group is required to participate in a defined contribution scheme, the MPF Scheme, in respect of its employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Both the Group and its employees contribute 5% of the relevant payroll costs to the MPF Scheme. The maximum contribution for each employee is limited to HK$18,000 (2014: HK$18,000) per annum.

The employees of PRC subsidiaries are members of defined contribution plans organised by PRC municipal and provincial government authorities in the PRC. The PRC subsidiaries are required to make monthly contributions to these plans at a fixed percentage of the employee's basic salary. The only obligation of the Group with respect to the retirement benefit scheme in the PRC is to make the required contributions under the scheme. The local government authority is responsible for the entire pension obligations payable to retired employees.

Contributions to the retirement benefit schemes for the year amounted to HK$1,291,000 (2014: HK$246,000).

36. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group (note 26):

	2015 **HK$'000**	2014 HK$'000
Pawn loans receivables	**113,569**	–
Property, plant and equipment	**118,024**	133,469
Prepaid lease payments (Note a)	**26,403**	107,052
Bank deposits (Note a)	**35,811**	37,912
	293,807	278,433

Note:

(a) As at 31 December 2014, Keycharm and Toobright and its subsidiary were classified as a disposal group held for sale. Included in the pledge of assets, the carrying amounts amounted to HK$78,301,000 of prepaid lease payments and HK$37,912,000 of bank deposits were pledged by the disposal group held for sale to secure general banking facilities.

37. NON-CASH TRANSACTIONS

On 21 January 2015, the Company has acquired the entire issued share capital of Group and its subsidiaries from Rosy Start, Equity Partner and Century Best and Asiabiz. On 3 June 2015, the Company issued the 2014 Convertible Notes in the principal amount of HK$85,401,768 with conversion price of HK$1.2 according to their respective shareholdings ratio.

Consideration for the acquisition of associates, Intraday Group, that occurred during the year comprised issuance of 71,800,000 shares. Further details of the acquisition are set out in note 30 above.

38. CONTINGENT ASSETS AND LIABILITIES

The Group has contingent asset of Put Options in relation to the acquisition of Oriental Credit Group and Intraday Group. The Put Options are not recognised in the consolidated financial statements since the management considers the probability of exercise the Put Option is remote.

In connection with the acquisition of Oriental Credit Group on 21 January 2015, the Group is subject to contingent liabilities including settlement of additional consideration by issuance of convertible notes arising after 21 January 2015 on the basis of 2015 Performance Target and 2016 Performance Target. The maximum principal amount of contingent convertible notes will be HK$24,598,000.

In connection with the acquisition of Intraday Group on 8 July 2015, the Group may subject to contingent assets including receivable of cash compensation from Long Tu arising on the basis of 2015 Performance Target and 2016 Performance Target.

39. RELATED PARTY TRANSACTIONS

During the year, the Group had certain transactions with related parties. Details of these transactions for the year ended 31 December 2015 and balances at 31 December 2015 with these related parties are as follows:

Transaction with related parties

	2015 **HK$'000**	2014 HK$'000
Interest expenses (Note a)	**1,618**	–

39. RELATED PARTY TRANSACTIONS (Continued)

Balances with related parties

	2015 HK$'000	2014 HK$'000
Entrusted bank loans (Note a)	41,779	–

Note:

(a) There is an amount of RMB35,000,000 (approximated HK$41,779,000) entrusted by Shanghai Kuailu, a registered shareholder of Pawnshop A, to a bank for making the loan to Pawnshop A. Each of Shanghai Kuailu and Shanghai Zhifeng executes a declaration of trust in a form and substance acceptable by the Company to hold the registered capital in Pawnshop A in trust for Shanghai Yousheng upon the Completion Date. Shanghai Yousheng beneficially owns the entire equity interest of Pawnshop A according to the declaration of trust.

For the year ended 31 December 2015, the Group effected the following material non-recurring transactions:

(i) On 21 January 2015, the Company has acquired the entire issued share capital of Oriental Credit Group from Rosy Start, Equity Partner and Century Best and Asiabiz. On 3 June 2015, the Company issued the 2014 Convertible Note in the principal amount of HK$85,401,768 with conversion price of HK$1.2 according to their respective shareholdings ratio.

(i) On 26 November 2015, a subsidiary of the Group has acquired the entire issued share capital of Greater China Wealth from a related company for a total cash consideration of HK$2,999,000.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year is approximately HK$7,625,000 (2014: approximately HK$4,861,000) as disclosed in notes 12 and 13.

40. SUBSIDIARIES

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2015		2014		
			Directly	**Indirectly**	Directly	Indirectly	
Delight Link Enterprises Limited	Hong Kong	Ordinary HK$2	**100%**	**–**	100%	–	Provision of administrative services to group companies
Keycharm Investments Limited	British Virgin Islands ("BVI")	Ordinary US$200	**–**	**–**	–	100%	Investment holding
Spring Chance Limited	BVI	Ordinary US$1	**100%**	**–**	100%	–	Investment holding
圖輝石化開發(太倉)有限公司 (transliterated as Tuhui Petrochem Development (Taicang) Company Limited#)	PRC	Registered capital RMB160,000,000	**–**	**–**	–	100%	Industrial property development
太倉基創倉儲有限公司 (transliterated as Taicang Keycharm Storage Company Limited#)	PRC	Registered capital RMB80,000,000	**–**	**100%**	–	100%	Industrial property development
太倉灝朴貿易有限公司 (transliterated as Taicang Haopu Trading Company Limited#)	PRC	Registered capital RMB5,000,000	**–**	**100%**	–	100%	Trading of goods
上海佑勝投資咨詢有限公司 (transliterated as Shanghai Yousheng Investment Consulting Limited#)	PRC	Registered capital RMB5,000,000	**–**	**100%**	–	–	Provision of consultancy services
上海新盛典當有限公司 (transliterated as Shanghai Xinsheng Pawnshop Limited#)	PRC	Registered capital RMB48,000,000	**–**	**100%**	–	–	Provision of pawn loan financing services
上海竣凝投資諮詢有限公司 (transliterated as Shanghai Junning Investment Consulting Limited#)	PRC	Registered capital RMB1,000,000	**–**	**100%**	–	–	Provision of consultancy services

40. SUBSIDIARIES (Continued)

Name	Place of incorporation and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/registered capital held by the Company				Principal activities
			2015		2014		
			Directly	Indirectly	Directly	Indirectly	
上海中源典當有限公司 (transliterated as Shanghai Zhongyuan Pawnshop Limited#)	PRC	Registered capital RMB50,000,000	–	100%	–	–	Provision of pawn loans financing services
Greater China Financing Limited	HK	Registered capital HK$1	–	100%	–	–	Provision of investment services
Prominence Wealth & Risk Management Co., Limited (now known as Greater China Wealth & Risk Management Limited)	HK	Registered capital HK$1,000,000	–	100%	–	–	Provision of insurance brokerage services

The English transliteration of Chinese name is included in this report for reference only and should not be regarded as its official English name.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of both years.

41. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

	The Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**41,325**	41,325
Disposal	**(41,323)**	–
Acquisition	**279,737**	–
Less: Impairment loss recognised	**(2)**	(30,697)
	279,737	10,628
Amounts due from subsidiaries	**397,177**	293,651
Less: Impairment loss recognised	**(215,319)**	(293,651)
	181,858	–
Amounts due to subsidiaries	**355**	355

Amounts due from/to subsidiaries are unsecured, interest-free and are repayable on demand.

42. FINANCIAL INFORMATION OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Interests in subsidiaries	279,737	10,628
Interests in associates	302,278	–
	582,015	10,628
Current assets		
Amounts due from subsidiaries	181,858	–
Prepayments and deposits	5,941	145
Bank balances and cash	475,747	59
	663,546	204
Current liabilities		
Other payables and accruals	1,770	1,797
Deferred consideration	64,020	–
Amounts due to subsidiaries	355	355
	66,145	2,152
Net current assets (liabilities)	597,401	(1,948)
Total assets less current liabilities	1,179,416	8,680
Non-current liabilities		
Convertible notes	54,885	–
Deferred consideration	63,900	–
	118,785	–
Net assets	1,060,631	8,680
Capital and reserves		
Share capital	3,234	1,499
Share premium	1,263,986	379,281
Contributed surplus	64,379	64,379
Convertible notes equity reserve	101,192	–
Share option reserve	5,831	–
Accumulated losses	(377,991)	(436,479)
Total equity	1,060,631	8,680

43. RESERVES

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value. The application of the share premium accounts is governed by the Bermuda Companies Act 1981 and the New Bye-Laws of the Company.

(b) Share option reserve

Share option reserve represents the portion of the grant date fair value of the unexercised share options of the Company.

(c) Convertible notes equity reserve

The convertible notes equity reserve represents the equity component (conversion right) of convertible notes issued by the Company. Items included in convertible notes equity reserve will not reclassified to profit or loss.

(d) Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the translation reserve. Such exchange differences accumulated in the translation reserve are reclassified to profit or loss on the disposal of the foreign operations.

(e) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

In accordance with the relevant laws and regulations in the PRC and Articles of Association of the subsidiaries and associates incorporated in the PRC comprising the Group, it is required to appropriate 10% of the annual statutory net profits of the PRC the subsidiaries and associates, after offsetting any prior years' losses as determined under the PRC accounting standards, to the statutory surplus reserve fund before distributing the net profit. When the balance of the statutory surplus reserve fund reaches 50% of the share capital of the PRC the subsidiaries and associates, any further appropriation is at the discretion of shareholders. The statutory surplus reserve fund can be used to offset prior years' losses, if any, and may be converted into share capital by issuing new shares to shareholders in proportion to their existing shareholding or by increasing the par value of the shares currently held by them, provided that the remaining balance of the statutory surplus reserve fund after such issue is no less than 25% of share capital.

44. EVENTS AFTER THE REPORTING PERIOD

(i) On 1 September 2015, an indirect wholly-owned subsidiary of the Company entered into two sale and purchase agreements with vendor, pursuant to which the indirect wholly-owned subsidiary of the Company has conditionally agreed to acquire entire equity interest in target A and target B. Target A is principally engaged in the provision of type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (the "SFO") in Hong Kong. Target B is principally engaged in the provision of type 9 (asset management) regulated activities under the SFO in Hong Kong.

The cash consideration for target A is HK$14,500,000 which may be raised to HK$33,500,000, being subject to adjustment on the basis of the amount of net asset value of target A as of the date of completion. The cash consideration for target B is HK$6,500,000 which may be raised to HK$7,500,000, being subject to adjustment on the basis of the amount of net asset value of target B as of the date of completion. The aggregate consideration of HK$5,250,000 for target A and target B was paid to and held by vendor's solicitor in its client account. It will be paid to vendor upon completion of the acquisition.

All the conditions set out in the sale and purchase agreement were fulfilled and completed on 9 March 2016 (the "Completion"). Following the Completion, the target A and target B became indirect wholly-owned subsidiaries of the Company.

(ii) On 8 January 2016, in relation to the acquisition of Oriental Credit Group, the Company entered into a second supplemental agreement to the sale and purchase agreement with the vendors and the vendors guarantor to amend certain terms and conditions of the sale and purchase agreement (as amended by the first supplemental agreement dated 3 June 2015) (the "Amendments"). The Amendments include the amendments to the payment terms of the deferred consideration, the amendments to the Put Option Period and the conversion period of the Convertible Notes. Please refer to the circular for the details of the second supplemental agreement dated 5 February 2016.

On 25 February 2016, the Amendments were approved by shareholders of the Company in the Special General Meeting.

(iii) On 22 February 2016, an indirectly wholly-owned subsidiary entered into a non-legally binding memorandum of undertaking for subscription of not more than 20% of the enlarged equity interest of a target company.

At the date of issuance of these consolidated financial statements, no binding agreement in relation to the proposed subscription has been executed.

44. EVENTS AFTER THE REPORTING PERIOD (Continued)

(iv) On 22 December 2015, a direct wholly-owned subsidiary of the Company, entered into a subscription agreement with ShiFang Holding Limited ("ShiFang"), pursuant to which ShiFang has conditionally agreed to issue and its direct wholly-owned subsidiary has conditionally agreed to subscribe, in cash, for 40,000,000 new shares in ShiFang for an aggregate subscription price of HK$32,000,000.

ShiFang is a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1831). ShiFang is principally engaged in the business of cultural media and advertising media in the PRC.

The subscription of 40,000,000 new shares in ShiFang was completed on 19 February 2016.

On 24 February 2016, the Company, through its direct wholly-owned subsidiary, acquired additional 17,060,000 shares of ShiFang on the open market at a total consideration of approximately HK$59,160,000, excluding stamp duty and related expenses, at the price ranging from HK$3.42 to HK$3.49 per share. The average price for each acquired share was approximately HK$3.47. On 7 March 2016, the Company, through its direct wholly-owned subsidiary, acquired additional 13,046,000 shares of ShiFang on the open market at a total consideration of approximately HK$39,850,000, excluding stamp duty and related expenses, at the price ranging from HK$2.94 to HK$3.15 per share. The average price for each acquired share was approximately HK$3.05.

Immediately after the acquisitions of shares, the Company is interested in an aggregate of 70,106,000 issued shares of ShiFang, representing approximately 5.81% of the total issued shares of ShiFang.

(v) On 11 March 2016, the Company entered into a placing agreement, with placing agent in relation to placement to not less than six independent placee(s) for up to 485,153,000 shares at a placing price range of HK$0.70 to HK$0.90 per share.

The conditions precedent of the placing agreement have not been completed at the date of issuance of these consolidated financial statements.

45. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debt.

During the year ended 31 December 2015, the Group's strategy remained unchanged. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by equity attributable to owners of the Company.

The management considers the debt to equity ratio at the year ended date is as follows:

	2015 **HK$'000**	2014 HK$'000
Total borrowings	**277,535**	72,034
Equity attributable to owners of the Company	**1,161,745**	109,465
Debt to equity ratio	**24%**	66%

The decrease in gearing ratio was mainly due to significant increase in profits for the year and fund raising during the year.

46. FINANCIAL INSTRUMENTS

46a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Loans and receivables		
– Trade and other receivables	**2,296**	2,803
– Deposits	**10,007**	444
– Pawn loans receivables	**359,698**	–
– Pledged bank deposits	**35,811**	–
– Bank balances and cash	**524,661**	12,753
	932,473	16,000
Financial liabilities		
– Other payables	**18,509**	4,940
– Borrowings	**277,535**	72,034
– Deferred consideration	**127,920**	–
– Convertible notes	**54,885**	–
	478,849	76,974

46b. Financial risk management objectives and policies

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Group regularly reviews its risk management policies and procedures to reflect changes in markets and products.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

The Group's major financial instruments include pawn loans receivables, trade and other receivables, deposits pledged bank deposits, bank balances and cash, other payables, borrowings, deferred consideration and convertible notes. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

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

In order to minimise the credit risk, the management of the Group has a credit policy in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts on an ongoing basis. In addition, the Group reviews the recoverable amount of each individual pawn loans receivable and trade and other receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit evaluations are performed on customers requiring credit terms. These evaluations focus on the customer's past history of making payments and current abilities to pay and take into account information specific to the customer as well as to the economic environment.

The Group's exposure to credit risk on trade and other receivables is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2015, the Group has concentration of credit risk as 84% (2014: 84%) of total trade receivables were due from the Group's largest customer, and 100% (2014: 100%) of the total trade receivables were due from the Group's two customers. They have good historical repayment records and low default rates, and such trade receivables are neither past due nor impaired.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

***Credit risk** (Continued)*

In relation to pawnshop operation, the most traditional of these is the taking of specific classes of collateral from customers. The principal collateral types for pawn loans to customers are:

- Real estate, including residential and commercial properties;
- Motor vehicles, including motor vehicles with Shanghai vehicle license;
- Equity instruments, mainly equity interest in unlisted companies which are typically related to the borrowers; and
- Personal properties, including but not limited to jewelleries, watches, artworks and antiques etc.

The Group also focuses on ascertaining legal ownership and the valuation of the real estate and motor vehicles collaterals. The Group monitors the value of the real estate and motor vehicles collaterals throughout the loan period.

Further to collateral held as security for pawn loans, the Group introduces other credit enhancement measures for equity interest backed loans, primarily third party guarantee against the security of loan repayment, taking into consideration the borrower's repayment ability, repayment records, collateral status, financial performance, leverage ratio, industry outlook and competition, etc.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

Credit risk *(Continued)*

The Group has a team of professionals to conduct collateral appraisal and if necessary, engages an independent appraiser for appraisal of special and valuable collateral like jewelleries, watches, artworks and antiques, etc.

Type of collaterals:	Loan granted percentage of the estimated value of the collaterals
Real estate	37%-50%
Motor vehicles	30%-40%
Equity interest	100% with guarantee
Personal properties	28%-50%

A customer is considered to have defaulted in repayment of the pawn loan if they have not redeemed the collateral or renewed the pawn loan within five days from the end of the term of the pawn loan. At the Group's sole discretion, a grace period of up to five days may be provided to customers after the end of the loan period during which the Group may allow the customers to renew the pawn loan and/or redeem the collateral. The Group will take possession of the collateral if the customer has not redeemed the collateral or renewed the pawn loan by the end of the loan period or the grace period provided. Repossessed assets are accounted for in accordance with the accounting policies as set out in note 3 and the carrying amount of repossessed assets as at 31 December 2015 was HK$41,000 (2014: Nil). The Group will proceed to dispose the collateral within a reasonable time after possession.

The Group maintains a comprehensive client base. Pawn loans receivables from the top five customers accounted for 18.07% of the total loans to customers as at 31 December 2015 (2014: nil). Interest income from the top five customers accounted for 19.17% of total interest income for the year ended 31 December 2015 (for the year ended 31 December 2014: nil). The Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers from pawn loan business.

Collectively assessed impairment allowances are provided for (i) portfolios of outstanding loans receivables that have been individually assessed with no objective evidence of impairment by homogenous collateral types; and (ii) losses incurred but not yet identified, by using the historical loss experience, experienced judgement and statistical techniques to provide.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

Credit risk *(Continued)*

The credit risk on bank balances is limited because the counterparties are reputable banks located in Hong Kong and the PRC.

Market risk

(i) Currency risk

The Group is not exposed to significant currency risk as most of its monetary assets and monetary liabilities are denominated in the functional currency of the individual group entity. The management is of the opinion that the Group's exposure to foreign currency risk is minimal. Accordingly, no foreign exchange risk sensitivity analysis is presented. The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings (i.e. bank loans and other loans) as at 31 December 2015 and 2014. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances as at 31 December 2015 and 2014. The Group currently does not use any derivative contracts to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The most significant interest-bearing assets and liabilities are pawn loans receivables and borrowings, which both bear fixed interest rates to generate cash flows independent from market interest rates. Contractual interest rate re-pricing is matched with maturity date of each loan granted to customer, or maturity date of bank borrowings. As at respective balance sheet dates, maturity dates of pawn loans to customers are all within six months, whilst maturity dates of borrowings are all within 6 years. The Group regularly calculates the impact on profit or loss of a possible interest rate shift on its portfolio of loans to customers, bank borrowings and interest bearing bank deposits.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

***Market risk** (Continued)*

(ii) Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative financial instruments at the end of the reporting period. The analysis is prepared assuming that the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2014: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the net effect of Group's post-tax profit for the year ended 31 December 2015 would decrease/increase by HK$2,829,000 (post-tax loss for the year ended 31 December 2014: increase/decrease by HK$593,000). This is mainly attributable to the Group's exposure to interest rates on its fixed-rate bank loans.

Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of cash requirements from contractual commitments. Such outflows would deplete available cash resources for customer lending. In extreme circumstances, lack of liquidity could result in reductions in the balance sheet and sales of assets.

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

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

46. FINANCIAL INSTRUMENTS (Continued)

46b. Financial risk management objectives and policies (Continued)

Liquidity table

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 2015 HK$'000
2015							
Non-derivative financial liabilities							
Other payables	–	17,602	–	907	–	18,509	18,509
Borrowings – fixed rate	9.68%	65,452	50,598	93,149	92,108	301,307	277,535
Convertible note – non-interest bearing	–	–	–	–	54,885	54,885	54,885
Deferred consideration – non-interest bearing	–	–	–	64,020	63,900	127,920	127,920
		83,054	50,598	158,076	210,893	502,621	478,849

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 2014 HK$'000
2014							
Non-derivative financial liabilities							
Other payables	–	7,260	–	–	–	7,260	7,260
Borrowings – fixed rate	7.02%	19,256	–	12,174	42,971	74,401	72,034
		26,516	–	12,174	42,971	81,661	79,294

47. FAIR VALUE MEASUREMENT

Fair values of financial assets and liabilities carried at other than fair value

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities carried at amortised cost are not material different from their fair values as at 31 December 2014 and 31 December 2015.

Financial Summary

	Year ended 31.12.2015 HK$'000	Year ended 31.12.2014 HK$'000	Year ended 31.12.2013 HK$'000	Year ended 31.12.2012 HK$'000	Year ended 31.12.2011 HK$'000
RESULTS					
Continuing operations					
Revenue	**115,956**	55,133	32,963	118,337	184,187
Cost of sales	**–**	(42,090)	(21,544)	(108,924)	(175,701)
Gross profit	**115,956**	13,043	11,419	9,413	8,486
Other income, gains and losses	**121,549**	4,098	4,262	5,760	38,003
Selling and distribution costs	**–**	–	(659)	(106)	(141)
Administrative and other operating expenses	**(83,304)**	(31,391)	(29,416)	(33,002)	(37,380)
Other expenses	**–**	–	–	(5,753)	–
Finance costs	**(29,398)**	(13,365)	(15,731)	(20,219)	(1,852)
Share of profit of associates	**9,324**	–	–	–	–
Profit (loss) before taxation	**134,127**	(27,615)	(30,125)	(43,907)	7,116
Income tax	**(17,997)**	8,221	–	–	(7,843)
	116,130	(19,394)	(30,125)	(43,907)	(727)
Discontinued operations					
Profit for the year from discontinued operation	**–**	–	–	–	3,104
Profit (loss) for the year	**116,130**	(19,394)	(30,125)	(43,907)	2,377
Attributable to:					
Owners of the Company	**116,130**	(19,575)	(30,045)	(43,817)	2,506
Non-controlling interests	**–**	181	(80)	(90)	(129)
	116,130	(19,394)	(30,125)	(43,907)	2,377

	31.12.2015 HK$'000	31.12.2014 HK$'000	31.12.2013 HK$'000	31.12.2012 HK$'000	31.12.2011 HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,670,266**	309,660	388,499	368,954	387,353
Total liabilities	**(508,521)**	(200,195)	(257,400)	(211,375)	(187,350)
Non-controlling interests	**–**	–	(196)	(269)	(356)
Equity attributable to owners of the Company	**1,161,745**	109,465	130,903	157,310	199,647