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華融國際金融控股有限公司

HUARONG INTERNATIONAL FINANCIAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 993)

FINAL RESULTS FOR THE EIGHT MONTHS ENDED 31 DECEMBER 2015

The board (the “**Board**”) of directors (the “**Directors**”) of Huarong International Financial Holdings Limited (the “**Company**”) is pleased to present to its shareholders the consolidated results of the Company and its subsidiaries (the “**Group**”), which is extracted from the audited consolidated financial statements for the eight months ended 31 December 2015 (the “**Period**”), together with the comparative figures for the year ended 30 April 2015 (“**FY2014**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the eight months ended 31 December 2015

		1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
	<i>Notes</i>		
Continuing operations			
Revenue	6	168,003	46,368
Other income and gains or losses, net		39,208	5,073
Brokerage and commission expenses		(20,872)	(8,725)
Administrative and other operating expenses		(74,738)	(71,567)
Gain (loss) on disposal of available-for-sale investments		96,575	(14,754)
Impairment on available-for-sale investments		–	(16,377)
Reversal of (provision for) impairment of loans and accounts receivable, net		1,392	(684)
Finance costs	8	(33,663)	(9,876)
Profit (loss) before tax from continuing operations	7	175,905	(70,542)
Income tax (expense) credit	9	(20,690)	7
Profit (loss) for the period/year from continuing operations		155,215	(70,535)
Discontinued operations			
(Loss) profit for the period/year from discontinued operations	10	(15,818)	3,907
Profit (loss) for the period/year		139,397	(66,628)

	<i>Notes</i>	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
Profit (loss) for the period/year attributable to:			
Owners of the Company			
— from continuing operations		155,215	(70,535)
— from discontinued operations		(15,818)	3,907
		<u>139,397</u>	<u>(66,628)</u>
Earnings (loss) per share attributable to owners of the Company	<i>12</i>		
From continuing and discontinued operations			
— Basic		<u>HK5.74 cents</u>	<u>HK(4.57) cents</u>
— Diluted		<u>HK5.67 cents</u>	<u>HK(4.57) cents</u>
From continuing operations			
— Basic		<u>HK6.39 cents</u>	<u>HK(4.84) cents</u>
— Diluted		<u>HK6.31 cents</u>	<u>HK(4.84) cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the eight months ended 31 December 2015

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
Profit (loss) for the period/year	<u>139,397</u>	<u>(66,628)</u>
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain (loss) on available-for-sale investments	75,534	(7,874)
Reclassification upon impairment of available-for-sale investments	–	16,377
Reclassification adjustments relating to disposal of available-for-sale investments during the period/year	(96,859)	14,721
Reclassification adjustments relating to distribution of Distributed Group during the period/year	1,511	–
Exchange differences on translation of foreign operations		
Exchange differences arising during the period/year	(1,621)	(2,937)
Reclassification adjustments relating to distribution of Distributed Group during the period/year	10,604	–
Other comprehensive (expense) income for the period/year, net of tax	<u>(10,831)</u>	<u>20,287</u>
Total comprehensive income (expense) for the period/year	<u>128,566</u>	<u>(46,341)</u>
Total comprehensive income (expense) for the period/year attributable to:		
Owners of the Company		
— from continuing operations	133,890	(47,311)
— from discontinued operations	(5,324)	970
	<u>128,566</u>	<u>(46,341)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i> (Restated)	1.5.2014 <i>HK\$'000</i> (Restated)
Non-current assets				
Property, plant and equipment		3,419	751	5,473
Goodwill		–	–	22,279
Other long term assets		6,653	6,141	4,220
Intangible assets		4,778	2,350	2,350
Financial assets at fair value through profit or loss	<i>13</i>	313,418	–	–
Investments in senior notes		–	–	80,000
Available-for-sale investments		–	96,453	28,841
Finance leases receivable		–	–	60,916
Investment in an associate		190	–	–
Total non-current assets		328,458	105,695	204,079
Current assets				
Finance leases receivable		–	–	7,716
Loans and accounts receivable	<i>14</i>	912,032	120,201	630,727
Prepayments, deposits and other receivables		15,920	13,190	374,304
Financial assets at fair value through profit or loss	<i>13</i>	438,346	1,451	1,678
Tax recoverable		10	–	192
Restricted bank balances		623,241	280,004	138,057
Pledged bank deposits		10,353	10,725	10,591
Cash and cash equivalents		3,040,911	68,337	381,509
		5,040,813	493,908	1,544,774
Assets of Distributed Group classified as held for distribution to owners		–	1,172,440	–
Total current assets		5,040,813	1,666,348	1,544,774

	<i>Notes</i>	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i> (Restated)	1.5.2014 <i>HK\$'000</i> (Restated)
Current liabilities				
Accounts payable	15	602,269	294,938	161,811
Other payables and accruals		65,945	6,472	27,553
Finance leases payable		–	–	83
Amount due to an associate		190	–	–
Interest-bearing borrowings	16	–	53,913	–
Tax payable		16,244	1	2,694
Convertible notes issued	17	26,393	–	–
		711,041	355,324	192,141
Liabilities of Distributed Group classified as held for distribution to owners				
		–	134,170	–
Total current liabilities		711,041	489,494	192,141
Net current assets		4,329,772	1,176,854	1,352,633
Total assets less current liabilities		4,658,230	1,282,549	1,556,712
Non-current liabilities				
Convertible notes issued	17	–	24,480	265,923
Other payables and accruals		1,424	1,898	1,069
Deferred tax liabilities		13,515	–	–
Interest-bearing borrowings	16	3,875,250	–	–
Financial liabilities at fair value through profit or loss		32,886	–	–
Total non-current liabilities		3,923,075	26,378	266,992
Net assets		735,155	1,256,171	1,289,720
Equity				
Equity attributable to owners of the Company				
Share capital		3,278	1,576	906
Equity component of convertible notes		36,780	36,780	447,490
Share premium and reserves		695,097	1,226,798	841,324
		735,155	1,265,154	1,289,720
Amounts recognised in other comprehensive income directly related to Distributed Group classified as held for distribution to owners		–	(8,983)	–
Total equity		735,155	1,256,171	1,289,720

Notes:

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in Bermuda and its shares are listed on the Stock Exchange of Hong Kong Limited. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of operations of the Company is situated at Rooms 1908-10, 19th Floor, The Center, 99 Queen's Road Central, Hong Kong.

On 30 January 2015, the Company entered into a subscription agreement (as supplemented by the supplemental agreements dated 20 March 2015 and 20 May 2015) with China Huarong International Holdings Limited (formerly known as Huarong (HK) International Holdings Limited, an indirectly wholly-owned subsidiary of China Huarong Asset Management Co., Ltd.) ("**CHIH**"), pursuant to which CHIH conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 1,702,435,038 new shares at the subscription price of HK\$0.275 per subscription share (the "**Subscription**"). The aggregate nominal value of the subscription shares was HK\$1,702,435. The aggregate subscription price of the subscription shares was HK\$468,169,635. The completion of the Subscription took place on 31 August 2015, and 1,702,435,038 subscription shares was duly allotted and issued to Camellia Pacific Investment Holding Limited ("**Camellia**"), a wholly-owned subsidiary of CHIH. Immediately after the completion of the Subscription, there were 3,278,107,918 shares of the Company in issue and the shareholding indirectly held by CHIH, amounted to approximately 51.93% of the issued share capital of the Company as enlarged by the issue of the Subscription shares. Accordingly, Camellia became the immediate controlling shareholder of the Company and CHIH became an intermediate holding company of the Group. China Huarong Asset Management Co., Ltd., ("**China Huarong**") a company established in the People's Republic of China ("**PRC**") and whose shares are listed in the Stock Exchange of Hong Kong Limited, became the indirect controlling shareholder of the Company. China Huarong is a PRC Government related entity as it is controlled by Ministry of Finance of the PRC.

One of the conditions precedent for the completion of the Subscription is that the Company shall undergo a group reorganisation (the "**Group Reorganisation**") and effect a distribution in specie of shares in Modern Series Limited, a then wholly-owned subsidiary of the Company ("**MSL**") (the "**Distribution in Specie**").

On 23 March 2015, the Company announced details of the Group Reorganisation and Distribution in Specie. As at 30 April 2015, the assets and liabilities related to MSL and its subsidiaries (the "**Distributed Group**") were classified as held for distribution to owners and the results of the Distributed Group were presented as discontinued operations in the annual financial statements of the Group for the year ended 30 April 2015. The principal activities of the companies which comprise the Distributed Group are bullion and forex contracts broking and trading, provision of finance lease, pawn loan, medium and short term financing services and financial consultation services. The Group Reorganisation and Distribution in Specie were completed on 3 August 2015.

The consolidated financial statements of the Group are presented in Hong Kong dollars ("**HK\$**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

During the Period, the reporting period end date of the Group changed from 30 April to 31 December to align the Company's financial year end with China Huarong. Accordingly, the consolidated financial statements for the Period cover the eight-month period ended 31 December 2015. The corresponding comparative amounts shown in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes cover a twelve-month period from 1 May 2014 to 30 April 2015 and therefore may not be comparable with amounts shown for the current Period.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (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 (Chapter 622 of the Laws of Hong Kong).

3. APPLICATION OF NEW AND REVISED HKFRSs

Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the Period:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 – 2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 – 2013 cycle

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

In addition, the Group has applied HK(IFRIC)-INT 17 “Distribution of non-cash assets to owners” for the first time in the Period to the Distribution in Specie, whereby the non-cash distribution of shares in MSL to the Company's owners is measured at the fair value of the shares distributed on distribution date.

4. PRIOR YEARS ADJUSTMENTS

During the course of preparing the consolidated financial statements for the Period from 1 May 2015 to 31 December 2015, the Directors have determined that the prior years' financial statements of the Group require restatements in relation to (i) impairment on available-for-sale investments; (ii) impairment on loans and accounts receivable of the Distributed Group; and (iii) adjustments on interest expense and carrying amounts of liability and equity components of the Convertible Notes (as defined in Note 17) for the years ended 30 April 2014 and 30 April 2015.

The following tables disclose the prior years' adjustments that have been made and the reconciliation of the restated amounts of the comparative figures presented in each of the line items in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows to the amounts previously reported in prior years' consolidated financial statements.

(a) Consolidated statement of profit or loss for the year ended 30 April 2015

	Year ended 30 April 2015 (Note (v)) HK\$'000	Adjustments HK\$'000	Year ended 30 April 2015 (Restated) HK\$'000
Continuing operations			
Revenue	46,368	–	46,368
Other income and gains or losses, net	5,073	–	5,073
Brokerage and commission expenses	(8,725)	–	(8,725)
Administrative and other operating expenses	(71,567)	–	(71,567)
Loss on disposal of available-for-sale investments	(14,754)	–	(14,754)
Impairment on available-for-sale investments (note (i))	–	(16,377)	(16,377)
Provision for impairment of loans and accounts receivable, net	(684)	–	(684)
Finance costs (note (ii))	(3,488)	(6,388)	(9,876)
Loss before tax from continuing operations	(47,777)	(22,765)	(70,542)
Income tax credit	7	–	7
Loss for the year from continuing operations	(47,770)	(22,765)	(70,535)
Discontinued operations			
Profit (loss) for the year from discontinued operations (note (iii))	80,265	(76,358)	3,907
Profit (loss) for the year attributable to owners of the Company	<u>32,495</u>	<u>(99,123)</u>	<u>(66,628)</u>
Earnings (loss) per share attributable to owners of the Company (note (iv))			
From continuing and discontinued operations			
— Basic	<u>HK2.23 cents</u>	<u>HK(6.80) cents</u>	<u>HK(4.57) cents</u>
— Diluted	<u>HK2.23 cents</u>	<u>HK(6.80) cents</u>	<u>HK(4.57) cents</u>
From continuing operations			
— Basic	<u>HK(3.28) cents</u>	<u>HK(1.56) cents</u>	<u>HK(4.84) cents</u>
— Diluted	<u>HK(3.28) cents</u>	<u>HK(1.56) cents</u>	<u>HK(4.84) cents</u>

Notes:

(i) Impairment on available-for-sale investments

The Group did not record any impairment loss for available-for-sale investments with significant or prolonged decline in the fair value below cost for the years ended 30 April 2014 and 2015. The Group has understated the available-for-sale investments impairment losses by approximately HK\$46,185,000 and HK\$16,377,000 for the years ended 30 April 2014 and 2015 respectively. The Group overstated the available-for-sale investment revaluation reserves by approximately HK\$46,185,000 as at 30 April 2014 and HK\$62,562,000 as at 30 April 2015.

(ii) Accounting treatment for the issue of the Convertible Notes

In prior years, the Group recognised the carrying amount of equity component of the Convertible Notes by deducting the fair value of the liability component from the issue proceed, rather than from the fair value of the compound financial instrument as a whole on the issuance date of the Convertible Notes issued. In addition, the Company did not use the borrowing rate of comparable borrowings with similar credit rating of the Company as the discount rate when determining the fair value and initial carrying amount of the liability component. The Group understated interest expense of the Convertible Notes issued by approximately HK\$6,419,000 and HK\$6,388,000 for the years ended 30 April 2014 and 30 April 2015, respectively. The Group understated the equity component of the Convertible Notes by approximately HK\$431,202,000 and HK\$35,441,000 as at 30 April 2014 and 2015, respectively. The Group overstated the liability component of the Convertible Notes issued by approximately HK\$83,839,000 and HK\$4,708,000 as at 30 April 2014 and 2015, respectively. The Group also understated the share premium recognised on the conversion of the Convertible Notes issued by approximately HK\$127,946,000 and HK\$450,964,000 as at 30 April 2014 and 2015, respectively. The Group overstated the retained profits by approximately HK\$475,309,000 as at 30 April 2014 and HK\$481,697,000 as at 30 April 2015.

(iii) Impairment on loans and accounts receivables and finance leases receivable

The Group did not recognise any collective impairment on the loans and accounts receivables and finance leases receivable of the Distributed Group in prior years. The Group understated the impairment losses of loans and accounts receivable and finance leases receivable of Distributed Group by approximately HK\$120,378,000 and HK\$76,358,000 for the years ended 30 April 2014 and 2015, respectively. The Group overstated the loans and accounts receivables and finance leases receivable of the Distributed Group by approximately HK\$120,378,000 as at 30 April 2014 and HK\$196,736,000 as at 30 April 2015.

(iv) Earnings (loss) per share

Earnings (loss) per share attributable to owners of the Company for the year ended 30 April 2015 were restated due to the above adjustments. As a result, the basic and diluted earnings per share of continuing and discontinued operations for the year ended 30 April 2015 both decreased by HK6.80 cents. The basic and diluted losses per share of continuing operations for the year ended 30 April 2015 both increased by HK1.56 cents.

(v) The comparative figures in the consolidated statement of profit or loss have been restated to represent the Distributed Group's operations as discontinued operations.

(b) Consolidated statement of profit or loss and other comprehensive income for the year ended 30 April 2015

	Year ended 30 April 2015 <i>(Note 4(a)(v))</i> <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Year ended 30 April 2015 <i>(Restated)</i> <i>HK\$'000</i>
Profit (loss) for the year	<u>32,495</u>	<u>(99,123)</u>	<u>(66,628)</u>
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale investments	(7,874)	–	(7,874)
Reclassification upon impairment of available-for-sale investments <i>(note 4(a)(i))</i>	–	16,377	16,377
Reclassification adjustment relating to disposal of available-for-sale investments during the year	14,721	–	14,721
Exchange difference on translating foreign operations:			
Exchange differences arising during the year	<u>(2,937)</u>	<u>–</u>	<u>(2,937)</u>
Other comprehensive income for the year, net of tax	<u>3,910</u>	<u>16,377</u>	<u>20,287</u>
Total comprehensive income (expense) for the year attributable to owners of the Company	<u><u>36,405</u></u>	<u><u>(82,746)</u></u>	<u><u>(46,341)</u></u>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company			
— from continuing operations	(40,923)	(6,388)	(47,311)
— from discontinuing operations	<u>77,328</u>	<u>(76,358)</u>	<u>970</u>
	<u><u>36,405</u></u>	<u><u>(82,746)</u></u>	<u><u>(46,341)</u></u>

(c) Consolidated statement of financial position as at 1 May 2014

	1 May 2014 (As previously reported) HK\$'000	Adjustments HK\$'000	1 May 2014 (Restated) HK\$'000
Non-current assets			
Property, plant and equipment	5,473	–	5,473
Goodwill	22,279	–	22,279
Other long term assets	4,220	–	4,220
Intangible assets	2,350	–	2,350
Investments in senior notes	80,000	–	80,000
Available-for-sale investments	28,841	–	28,841
Finance leases receivable	60,916	–	60,916
Total non-current assets	204,079	–	204,079
Current assets			
Finance leases receivable (note 4(a)(iii))	18,540	(10,824)	7,716
Loans and accounts receivable (note 4(a)(iii))	740,281	(109,554)	630,727
Prepayments, deposits and other receivables	374,304	–	374,304
Financial assets at fair value through profit or loss	1,678	–	1,678
Tax recoverable	192	–	192
Restricted bank balances	138,057	–	138,057
Pledged bank deposits	10,591	–	10,591
Cash and cash equivalents	381,509	–	381,509
Total current assets	1,665,152	(120,378)	1,544,774
Current liabilities			
Accounts payable	161,811	–	161,811
Other payables and accruals	27,553	–	27,553
Finance leases payable	83	–	83
Tax payable	2,694	–	2,694
Total current liabilities	192,141	–	192,141
Net current assets	1,473,011	(120,378)	1,352,633
Total asset less current liabilities	1,677,090	(120,378)	1,556,712
Non-current liabilities			
Convertible notes issued (note 4(a)(ii))	349,762	(83,839)	265,923
Other payables and accruals	1,069	–	1,069
Total non-current liabilities	350,831	(83,839)	266,992
Net assets	1,326,259	(36,539)	1,289,720
Equity			
Equity attributable to owners of the Company			
Share capital	906	–	906
Equity component of convertible notes (note 4(a)(ii))	16,288	431,202	447,490
Share premium and reserves (notes 4(a)(i) to (iii))	1,309,065	(467,741)	841,324
Total equity	1,326,259	(36,539)	1,289,720

(d) Consolidated statement of financial position as at 30 April 2015

	30 April 2015 (As previously reported) HK\$'000	Adjustments HK\$'000	30 April 2015 (Restated) HK\$'000
Non-current assets			
Property, plant and equipment	751	–	751
Other long term assets	6,141	–	6,141
Intangible assets	2,350	–	2,350
Available-for-sale investments	96,453	–	96,453
Total non-current assets	105,695	–	105,695
Current assets			
Loans and accounts receivable	120,201	–	120,201
Prepayments, deposits and other receivables	13,190	–	13,190
Financial assets at fair value through profit or loss	1,451	–	1,451
Restricted bank balances	280,004	–	280,004
Pledged bank deposits	10,725	–	10,725
Cash and cash equivalents	68,337	–	68,337
	493,908	–	493,908
Assets of Distributed Group classified as held for distribution to owners (note 4(a)(iii))	1,369,176	(196,736)	1,172,440
Total current assets	1,863,084	(196,736)	1,666,348
Current liabilities			
Accounts payable	294,938	–	294,938
Other payables and accruals	6,472	–	6,472
Interest-bearing borrowings	53,913	–	53,913
Tax payable	1	–	1
	355,324	–	355,324
Liabilities of Distributed Group classified as held for distribution to owners	134,170	–	134,170
Total current liabilities	489,494	–	489,494
Net current assets	1,373,590	(196,736)	1,176,854
Total asset less current liabilities	1,479,285	(196,736)	1,282,549
Non-current liabilities			
Convertible notes issued (note 4(a)(ii))	29,188	(4,708)	24,480
Other payables and accruals	1,898	–	1,898
Total non-current liabilities	31,086	(4,708)	26,378
Net assets	1,448,199	(192,028)	1,256,171
Equity			
Equity attributable to owners of the Company			
Share capital	1,576	–	1,576
Equity component of convertible notes (note 4(a)(ii))	1,339	35,441	36,780
Share premium and reserves (notes 4(a)(i) to (iii))	1,454,267	(227,469)	1,226,798
	1,457,182	(192,028)	1,265,154
Amounts recognised in other comprehensive income directly related to Distributed Group classified as held for distribution to owners	(8,983)	–	(8,983)
Total equity	1,448,199	(192,028)	1,256,171

(e) Consolidated statement of changes in equity as at 1 May 2014

	1 May 2014 (As previously reported) HK\$'000	Adjustments HK\$'000	1 May 2014 (Restated) HK\$'000
Issued capital	906	–	906
Share premium account (note 4(a)(ii))	1,057,579	127,946	1,185,525
Contributed surplus	274,160	–	274,160
Available-for-sale investment revaluation reserve (note 4(a)(i))	(49,595)	46,185	(3,410)
Currency translation reserve	(6,046)	–	(6,046)
Convertible notes equity reserve (note 4(a)(ii))	16,288	431,202	447,490
Retained profits (accumulated losses) (notes 4(a)(i) to (iii))	32,967	(641,872)	(608,905)
Total equity	<u>1,326,259</u>	<u>(36,539)</u>	<u>1,289,720</u>

(f) Consolidated statement of changes in equity as at 1 May 2015

	1 May 2015 (As previously reported) HK\$'000	Adjustments HK\$'000	1 May 2015 (Restated) HK\$'000
Issued capital	1,576	–	1,576
Share premium account (note 4(a)(ii))	1,393,744	450,964	1,844,708
Contributed surplus	37,809	–	37,809
Available-for-sale investment revaluation reserve (note 4(a)(i))	(42,748)	62,562	19,814
Currency translation reserve	(8,983)	–	(8,983)
Convertible notes equity reserve (note 4(a)(ii))	1,339	35,441	36,780
Retained profits (accumulated losses) (notes 4(a)(i) to (iii))	65,462	(740,995)	(675,533)
Total equity	<u>1,448,199</u>	<u>(192,028)</u>	<u>1,256,171</u>

(g) Consolidated statement of cash flows for year ended 30 April 2015

	30 April 2015 (As previously reported) <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	30 April 2015 (Restated) <i>HK\$'000</i>
Cash flows from operating activities			
Loss before tax			
— From continuing operations	(47,777)	(22,765)	(70,542)
— From discontinued operations	96,553	(76,358)	20,195
Adjustments for:			
Finance costs	8,024	6,388	14,412
Interest income	(2,325)	—	(2,325)
Loss on disposal of available-for-sale investments	14,754	—	14,754
Depreciation	3,780	—	3,780
Write-back of provision for long service payments, net	(3)	—	(3)
Loss on disposal of items of property, plant and equipment	207	—	207
Provision for impairment of finance leases receivable and loans and accounts receivable, net	8,647	76,358	85,005
Provision for impairment upon available-for- sale investments	—	16,377	16,377
Provision for reinstatement	625	—	625
Bad debt written off	287	—	287
	<u>82,772</u>	<u>—</u>	<u>82,772</u>
Increase in finance leases receivable	(85,597)	—	(85,597)
Increase in loans and accounts receivable	(439,398)	—	(439,398)
Decrease in prepayments, deposits and other receivables	352,158	—	352,158
Decrease in financial assets classified as held for trading	227	—	227
Increase in restricted bank balances	(155,680)	—	(155,680)
Increase in accounts payable	150,443	—	150,443
Increase in other payables and accruals	5,793	—	5,793
	<u>(89,282)</u>	<u>—</u>	<u>(89,282)</u>
Cash used in operations	(89,282)	—	(89,282)
Tax paid	(9,785)	—	(9,785)
	<u>(99,067)</u>	<u>—</u>	<u>(99,067)</u>
Net cash flows used in operating activities	<u>(99,067)</u>	<u>—</u>	<u>(99,067)</u>

The Directors are of the opinion that the effect of the restatements and adjustments described above has no significant impact on the cash flows from or used in financing and investing activities for the year ended 30 April 2015.

5. OPERATING SEGMENT INFORMATION

During the Period, in order to more accurately reflect the resources allocation and assessment of performance of the Group, the structure of the financial reports provided to Board, being the chief operating decision makers, has been changed such that financial information relating to corporate finance and asset management and direct investment operations, which were previously reported to the chief operating decision makers in aggregation with those relating to the securities operations, are separately reported with effect from the Period. Accordingly, it is determined that the change in the structure of its internal organisation and reporting has resulted in the composition of operating and reportable segments to change.

Specifically, the Group's reportable and operating segments from continuing operations are now determined to be as follows:

- (a) the securities segment comprises the broking and dealing of securities, futures and options contracts and the provision of margin financing services;
- (b) the corporate finance segment provides securities underwriting and sponsoring and financial advisory services to institutional clients; and
- (c) the asset management and direct investment segment comprises asset management services and direct investments in equities, bonds, funds, derivative instruments and other financial products.

The corresponding segment information for the comparative period presented in these consolidated financial statements have been restated to reflect the change in structure.

Segment performance is evaluated based on reportable segment profit (loss), which is measured consistently with the Group's profit (loss) before tax except that impairment loss on available-for-sale investments, gain or loss on disposal of available-for-sale investments, finance costs and other unallocated expenses including certain staff costs, certain rental expense, certain legal and professional fee and certain other expenses, incurred for strategic planning of the Group are excluded from such measurement.

Segment assets exclude available-for-sale investments, tax recoverable, other unallocated assets and assets of Distributed Group classified as held for distribution to owners as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payable, other unallocated liabilities and liabilities of Distributed Group classified as held for distribution to owners as these liabilities are managed on a group basis.

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

(a) Operating segments

The following tables present the revenue and results from continuing operations for the Period and the year ended 30 April 2015 and certain assets, liabilities and expenditure information for the Group's operating segments as at 31 December 2015 and 30 April 2015 and period/year then ended. The comparative figures have been re-presented to conform with the Period's presentation.

For the eight months ended 31 December 2015

	Securities <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management and direct investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue from external customers	44,911	59,370	63,722	168,003
Other income and gains or losses, net	2,125	–	34,894	37,019
	47,036	59,370	98,616	205,022
Segment results	28,658	44,481	91,717	164,856
Gain on disposal of available-for-sale investments				96,575
Finance costs				(33,663)
Other unallocated income and gains or losses, net				2,189
Other unallocated expenses				(54,052)
Profit before tax from continuing operations				175,905
Income tax expense				(20,690)
Profit for the period from continuing operations				155,215

From 1 May 2014 to 30 April 2015

	Securities <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management and direct investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue				
Revenue from external customers	34,941	11,427	–	46,368
Other income and gains or losses, net	<u>679</u>	<u>4,250</u>	–	<u>4,929</u>
	<u>35,620</u>	<u>15,677</u>	<u>–</u>	<u>51,297</u>
Segment results	<u>9,786</u>	<u>10,103</u>	<u>(199)</u>	19,690
Loss on disposal of available-for-sale investments				(14,754)
Impairment on available-for-sale investments				(16,377)
Finance costs				(9,876)
Other unallocated income and gains or losses, net				144
Other unallocated expenses				<u>(49,369)</u>
Loss before tax from continuing operations				(70,542)
Income tax credit				<u>7</u>
Loss for the year from continuing operations				<u>(70,535)</u>

As at 31 December 2015

	Securities <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management and direct investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	2,361,876	26,423	789,385	3,177,684
Tax recoverable				10
Other unallocated assets (note 1)				2,191,577
Total assets				<u>5,369,271</u>
Segment liabilities	605,911	8,031	42,436	656,378
Tax payable				16,244
Deferred tax liabilities				13,515
Other unallocated liabilities (note 2)				3,947,979
Total liabilities				<u>4,634,116</u>

For the eight months ended 31 December 2015

	Securities <i>HK\$'000</i>	Corporate finance <i>HK\$'000</i>	Asset management and direct investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information:				
Interest income from loan and margin financing activities	8,844	–	–	8,844
Net fair value (losses) gains on financial assets at fair value through profit or loss	(696)	–	55,472	54,776
Placing and underwriting fee income	70	59,220	–	59,290
Other service income	16,972	150	8,250	25,372
Fair value gain on financial liabilities at fair value through profit or loss	–	–	34,894	34,894
Depreciation	239	17	5	261
Reversal for impairment of loans and accounts receivable, net	1,392	–	–	1,392
Loss on disposal of items of property, plant and equipment	–	16	–	16
Capital expenditure*	512	–	–	512

As at 30 April 2015

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Total HK\$'000
Segment assets	479,433	50	216	479,699
Available-for-sale investments				96,453
Assets of Distributed Group classified as held for distribution to owners				1,172,440
Other unallocated assets (note 1)				23,451
Total assets				<u>1,772,043</u>
Segment liabilities	299,374	–	29	299,403
Tax payable				1
Liabilities of Distributed Group with the assets classified as held for distribution to owners				134,170
Other unallocated liabilities (note 2)				82,298
Total liabilities				<u>515,872</u>

From 1 May 2014 to 30 April 2015

	Securities HK\$'000	Corporate finance HK\$'000	Asset management and direct investment HK\$'000	Total HK\$'000
Other segment information:				
Interest income from loan and margin financing activities	6,154	–	–	6,154
Net fair value gains on financial assets at fair value through profit or loss	942	–	–	942
Placing and underwriting fee income	350	10,757	–	11,107
Other service income	953	670	–	1,623
Depreciation	588	373	–	961
Provision for impairment of loans and accounts receivable, net	684	–	–	684
Loss on disposal of items of property, plant and equipment	95	–	–	95
Capital expenditure*	2,825	–	–	2,825

* Capital expenditure consists of additions to other long term assets.

Note 1: The balance comprises bank balances of HK\$2,169,165,000 (30 April 2015: HK\$11,851,000), prepayments and other receivables of HK\$15,333,000 (30 April 2015: HK\$11,600,000), intangible assets of HK\$4,286,000 (30 April 2015: Nil) and property, plant and equipment of HK\$2,793,000 (30 April 2015: Nil).

Note 2: The balance comprises other payables of HK\$46,336,000 (30 April 2015: HK\$3,905,000), interest-bearing borrowings of HK\$3,875,250,000 (30 April 2015: HK\$53,913,000) and the Convertible Notes issued of HK\$26,393,000 (30 April 2015: HK\$24,480,000).

(b) Geographical information

All continuing segments' operations are primarily located in Hong Kong and substantially all of the Group's revenue is derived from Hong Kong.

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment; and the location of the core operations in the case of other specified non-current assets. All non-current assets of the Group are located in Hong Kong.

(c) Information about major customers

Revenue from customers who contributed over 10% of total revenue of the Group are as follows:

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000
Customer (ultimate holding company) from corporate finance segment	22,798	–
Customer from corporate finance segment	33,094	10,757

6. REVENUE

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000
Continuing operations		
Fees and commission income from securities, futures and options contracts broking	19,721	26,542
Net gains on financial assets at fair value through profit or loss	54,776	942
Interest income from loan and margin financing activities	8,844	6,154
Placing and underwriting fee income	59,290	11,107
Other service income (<i>note</i>)	25,372	1,623
	168,003	46,368

Note: Other service income represents investment advisory, consultancy and arrangement services provided by the Group during the eight months ended 31 December 2015.

7. PROFIT (LOSS) BEFORE TAX

	1.5.2015 to 31.12.2015 <i>HK\$'000</i>	1.5.2014 to 30.4.2015 <i>HK\$'000</i>
The Group's profit (loss) before tax from continuing operations is arrived at after charging (crediting):		
Depreciation	549	961
Loss on disposal of items of property, plant and equipment	23	95
Minimum lease payments under operating leases:		
Office premises	11,002	13,474
Office equipment	100	130
	<u>11,102</u>	<u>13,604</u>
(Reversal of) provision for impairment loss, net	(1,392)	684
Bad debts written off	–	287
Auditor's remuneration	2,880	775
Referral fee for underwriting of shares	7,801	100
Legal and professional fees	7,336	4,564
Directors' and chief executive's remuneration	2,753	1,650
Employee benefit expenses (excluding directors' and chief executive's remuneration):		
Salaries and other benefits*	32,533	18,713
Pension scheme contributions (defined contribution scheme)	636	648
Provision for long service payments, net	255	36
Provision (write-back of provision) for unused annual leaves	537	(124)
	<u><u>32,533</u></u>	<u><u>18,713</u></u>

* *Approximately HK\$289,000 (30 April 2015: HK\$108,000) was included in "Brokerage and commission expenses" in the consolidated statement of profit or loss.*

8. FINANCE COSTS

	1.5.2015 to 31.12.2015 <i>HK\$'000</i>	1.5.2014 to 30.4.2015 <i>HK\$'000</i> (Restated)
Continuing operations		
Interest on bank loans	22	10
Interest on finance leases	–	1
Interest on other loans	1,338	2,167
Interest on loan from the intermediate holding company	30,390	–
Imputed interest expense on Convertible Notes	1,913	7,698
	<u><u>33,663</u></u>	<u><u>9,876</u></u>

9. INCOME TAX EXPENSE (CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (year ended 30 April 2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

For the year ended 30 April 2015, no provision for Hong Kong profits tax has been made as certain of the Group's subsidiaries operated in Hong Kong have available tax losses brought forward from prior years to offset the assessable profits generated during that year.

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000
Continuing operations		
Current tax:		
Hong Kong	7,183	–
Overprovision in prior years:		
Hong Kong	(8)	(7)
	<u>7,175</u>	(7)
Deferred tax	13,515	–
	<u><u>20,690</u></u>	<u><u>(7)</u></u>

10. DISCONTINUED OPERATIONS AND DISTRIBUTED GROUP

On 30 January 2015, the Company entered into a conditional subscription agreement (which was later supplemented by the supplemental subscription agreements dated 20 March 2015 and 20 May 2015) with CHIH (the “**Subscriber**”), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 1,702,435,038 new shares at the subscription price of HK\$0.275 per subscription share (the “**Subscription**”). One of the conditions precedent for the completion of the Subscription is that the Company shall undergo a group reorganisation as set out in the subscription agreement (the “**Group Reorganisation**”) and effect the Distribution in Specie.

On 23 March 2015, the Company announced details of the Group Reorganisation and the Distribution in Specie. As at 30 April 2015, the assets and liabilities related to the Distributed Group have been classified as held for distribution to owners and the results of the Distributed Group have been presented as discontinued operations in the annual financial statements of the Group for the year ended 30 April 2015. The principal activities of the companies which comprise the Distributed Group are bullion and forex contracts broking and trading, provision of finance lease, pawn loan, medium and short term financing services and financial consultation services.

The Group Reorganisation and the Distribution in Specie were approved by the independent shareholders of the Company at a special general meeting held on 24 July 2015. The completion of the Distribution in Specie was conditional on certain pre-conditions which were specified in the Company's circular dated 30 June 2015.

Details of the Group Reorganisation and the Distribution in Specie were set out in the Company's circular dated 30 June 2015. As at 3 August 2015, all the pre-conditions were fulfilled, and thus, the distribution of shares of MSL to the then owners of the Company pursuant to the Distribution in Specie became effective and unconditional on 3 August 2015.

The comparative figures in the consolidated statement of profit or loss have been restated to re-present as if the discontinued operation had been discontinued at the beginning of the comparative period. The results of the Distributed Group for the period/year are presented below.

	1.5.2015 to 3.8.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
Revenue	30,945	198,893
Other income and gains or losses, net	9,599	2,684
Brokerage and commission expenses	(23)	(667)
Administrative and other operating expenses	(21,312)	(91,858)
Provision for impairment of finance leases receivable, and loans and accounts receivable, net	(9,818)	(84,321)
Finance costs	(1,685)	(4,536)
	<hr/>	<hr/>
Profit before tax from discontinued operations	7,706	20,195
Income tax expense	(2,348)	(16,288)
	<hr/>	<hr/>
Profit after tax from discontinued operations	5,358	3,907
Loss on reclassification of available-for-sale investments revaluation reserve in relation to the Distributed Group upon distribution of MSL	(1,511)	–
Loss on reclassification of foreign currency translation reserve from equity to profit or loss in relation to Distributed Group	(10,604)	–
Income tax expenses arising on transfer of the Distributed Group	(9,061)	–
	<hr/>	<hr/>
(Loss) profit for the period from discontinued operations	(15,818)	3,907

11. DIVIDENDS

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000
Special dividend — HK\$0.15 per ordinary share	–	236,351
Special dividend by way of the Distribution in Specie of shares in a subsidiary	1,117,751	–
	<hr/>	<hr/>

Pursuant to the approval by the shareholders of the Company at the special general meeting held on 24 July 2015, the Company distributed the ordinary shares of MSL to the shareholders on 3 August 2015.

The amount of dividends is based on the carrying amount of the net assets of the Distributed Group amounting to HK\$1,117,751,000 at the time of distribution.

The Directors do not recommend the payment of any final dividend for the Period (1 May 2014 to 30 April 2015: Nil).

12. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing and discontinued operations

The calculation of basic and diluted earnings (loss) per share from continuing and discontinued operations are based on the following data:

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
Earnings (loss)		
Profit (loss) for the period/year attributable to owners of the Company used as earnings for the purpose of basic earnings per share calculation	139,397	(66,628)
Effect of dilutive potential ordinary shares:		
Interest on Convertible Notes issued	<u>1,913</u>	N/A
Earnings (loss) for the purpose of dilutive earnings (loss) per share	<u>141,310</u>	<u>(66,628)</u>
	Number of shares	
	31.12.2015 '000	30.4.2015 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	2,430,365	1,458,193
Effect of dilutive potential ordinary shares on Convertible Notes issued	<u>60,000</u>	N/A
Weighted average number of ordinary shares for the purpose of dilutive earnings per share calculation	<u>2,490,365</u>	<u>1,458,193</u>

In calculating the diluted loss per share figures presented for the year ended 30 April 2015, no adjustment has been made in respect of the dilution impact of the outstanding Convertible Notes issued as their assumed conversion would have an anti-dilutive effect.

From continuing operations

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

	1.5.2015 to 31.12.2015 HK\$'000	1.5.2014 to 30.4.2015 HK\$'000 (Restated)
Earnings (loss)		
Profit (loss) for the period/year attributable to owners of the Company	139,397	(66,628)
Adjusted for: Loss (profit) for the period/year from discontinued operations	<u>15,818</u>	<u>(3,907)</u>
Profit (loss) for the purpose of basic earnings (loss) per share from continuing operations	155,215	(70,535)
Effect of dilutive potential ordinary shares: Interest on Convertible Notes issued	<u>1,913</u>	<u>N/A</u>
Earnings (loss) for the purpose of dilutive earnings (loss) per share from continuing operations	<u><u>157,128</u></u>	<u><u>(70,535)</u></u>

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

From discontinued operations

Basic loss per share from discontinued operations is HK0.65 cent per share (30 April 2015: earnings of HK0.27 cent per share) and diluted loss per share from discontinued operations is HK0.64 cent per share (30 April 2015: earnings of HK0.27 cent per share).

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Non-current:		
Unlisted investments		
Convertible bonds, at fair value (<i>note (i)</i>)	<u>313,418</u>	<u>–</u>
	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Current:		
Listed investments		
Equity investments, at fair value (<i>note (ii)</i>)	435,958	1,451
Unlisted investments		
Put option of a listed equity investment, at fair value (<i>note (iii)</i>)	<u>2,388</u>	<u>–</u>
	<u>438,346</u>	<u>1,451</u>

Notes:

- (i) On 12 November 2015, the Group acquired unlisted convertible bonds, with principal amount of HK\$275,000,000 which is issued by an independent party, a listed company in Hong Kong, and bears fixed interest rate of 4% per annum payable quarterly, and matures on 12 November 2017, extendable at the issuer's sole and absolute discretion, to 12 November 2018 with initial conversion price of HK\$0.77 per share. The convertible bonds are freely transferrable. The fair value of the convertible bonds amounted to approximately HK\$313,418,000 as at 31 December 2015, which was estimated by an independent firm of professional valuer. The Group does not expect that the convertible bonds will be transferred to third parties by the Group within the next twelve months and has accordingly classified the secured note as a non-current asset.
- (ii) The above equity investments were classified as held for trading as at 31 December 2015 and 30 April 2015.
- (iii) On 30 December 2015, the Group purchased a put option at a consideration of HK\$2,388,000 which gives the Group the right to require the issuer of the options, an independent third party, to purchase a maximum of 45,920,000 shares of a listed company in Hong Kong, at exercise price of HK\$5.2 per share. The option is exercisable any time within 1 year before the maturity date on 30 December 2016.

14. LOANS AND ACCOUNTS RECEIVABLE

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Margin loans to customers	868,474	86,037
Accounts receivable from:		
— securities, futures and options dealing services		
— clients	9,614	30,017
— brokers, dealers and clearing houses	9,749	7,590
— corporate finance (<i>note</i>)	26,366	120
	<u>914,203</u>	<u>123,764</u>
Provision for impairment in relation to:		
Margin loans to customers	(1,951)	(3,285)
Accounts receivable from:		
— securities, futures and options dealing services		
— clients	(220)	(278)
	<u>912,032</u>	<u>120,201</u>

Note: Amount included approximately HK\$3,327,000 underwriting income from the intermediate holding company and HK\$22,798,000 underwriting income from ultimate holding company.

Securities, futures, options dealing services

The Group allows a credit period of up to the settlement dates of the respective securities, futures, options transactions or a credit period mutually agreed with the contracting parties. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables so as to minimise credit risk. Loans for margin financing are secured by the pledge of customers' securities as collateral. The amounts of credit facilities granted to them are determined by the discounted value of securities accepted by the Group. Overdue balances are reviewed regularly by management. Overdue accounts receivable bear interest with reference to the Hong Kong dollar prime rate.

Loans to securities margin clients are secured by clients' pledged securities with fair value of HK\$5,287,325,000 (30 April 2015: HK\$477,598,000). Significant portion of the pledged securities are listed equity securities in Hong Kong. The loans are repayable on demand subsequent to settlement date and normally carry interest at Hong Kong Prime Rate + 1% to 15% per annum (30 April 2015: Hong Kong Prime Rate + 1% to 15% per annum). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owed by margin clients.

The Group has concentration of credit risk as 91% (30 April 2015: 58%) of the total loans to securities margin clients were due from the Group's five largest securities margin clients. The balance includes an aggregate amount of approximately HK\$793,446,000 (30 April 2015: HK\$50,290,000) which is neither past due nor impaired, of which the whole amount is secured by clients' pledged securities with an aggregate fair value of HK\$4,654,012,000 (30 April 2015: HK\$241,922,000). The Group believes that the amount is considered recoverable given the collaterals are sufficient to cover each balance on individual basis.

An aged analysis of the Group's accounts receivable at the end of the Period, based on the trade date for cash client and settlement date for others excluding margin loans to customers and net of provision for impairment, is as follows:

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Current to 1 month	44,509	37,238
1 to 3 months	652	28
3 months to 1 year	237	79
Over 1 year	111	104
	<u>45,509</u>	<u>37,449</u>

No ageing analysis is disclosed in respect of margin loans to customers, as in the opinion of the Directors, the ageing analysis does not give additional value in view of the nature of business of securities margin financing.

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

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i> (Restated)
At beginning of period/year	3,563	137,067
(Reversal of) provision for impairment losses, net	(1,392)	684
Impairment loss provision related to Distributed Group	–	(134,165)
Exchange adjustments	–	(23)
	<u>2,171</u>	<u>3,563</u>

Included in the above provision for impairment of loans and accounts receivable is provision for individually impaired loans and accounts receivable of approximately HK\$2,171,000 (30 April 2015: HK\$3,563,000) with carrying amounts before provision of approximately HK\$3,865,000 (30 April 2015: HK\$3,582,000). These individually impaired loans and accounts receivable relate to customers that do not have sufficient amount of collateral at the end of the reporting period and are not expected to be fully recoverable.

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

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Less than 1 month past due	8,141	16,025
1 to 3 months past due	652	28
3 months to 1 year past due	231	79
Over 1 year past due	111	104
	<u>9,135</u>	<u>16,236</u>

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

15. ACCOUNTS PAYABLE

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

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Current to 1 month	<u>602,269</u>	<u>294,938</u>

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

16. INTEREST-BEARING BORROWINGS

	31.12.2015 <i>HK\$'000</i>	30.4.2015 <i>HK\$'000</i>
Current portion:		
Unsecured other loans (<i>note (i)</i>)	–	53,913
Non-current portion:		
Loan from the intermediate holding company (<i>note (ii)</i>)	<u>3,875,250</u>	<u>–</u>

Notes:

- (i) The unsecured other loans were denominated in Hong Kong dollar and interest bearing at a fixed rate of 10% and were repayable within one year from the end of the reporting period. The loans were fully repaid during the period.
- (ii) During the period, the intermediate holding company, CHIH provided a loan to the Company in an aggregate amount of US\$500,000,000 (equivalent to HK\$3,875,250,000) (“**Company Loan**”). The loan bears annual interest rate of 5.761% and is repayable in 3 years from the end of the reporting period.

As at 31 December 2015, the Group has revolving loan facilities which are secured by pledge of the Group's time deposits with carrying amount of approximately HK\$10,353,000 (30 April 2015: HK\$10,725,000). The Group has not utilised these facilities at the end of the reporting period (30 April 2015: Nil).

In addition, the Company has provided corporate guarantees in respect of the Group's banking facilities to the extent of HK\$30,000,000 (30 April 2015: HK\$40,000,000). The Group has not utilised any of these banking facilities at the end of the reporting period (30 April 2015: Nil).

17. CONVERTIBLE NOTES ISSUED

On 19 February 2014, the Company issued zero coupon convertible notes (the “**Convertible Notes**”) with a nominal value of HK\$500,000,000 to an independent third party. The notes are convertible at the option of the noteholders into ordinary shares within 36 months from the date of issuance of the Convertible Notes at the initial conversion price of HK\$5 per conversion share. Any Convertible Notes not converted will be redeemed on 18 February 2017 at the outstanding principal amounts. The conversion price for the Convertible Notes was adjusted to HK\$0.5 per share on 9 April 2014, upon completion of the issue of bonus shares. A total principal amount of HK\$135,000,000 Convertible Notes was converted into 270,000,000 ordinary shares of the Company during the year ended 30 April 2014. On 4 July 2014, a total principal amount of HK\$335,000,000 Convertible Notes was converted into 670,000,000 ordinary shares of the Company. In July 2014, the independent third party has transferred his convertible notes to Mr. Cui Zhanhui (“**Mr. Cui**”) (崔占輝), a substantial shareholder of the Company. Immediately after the conversion on 4 July 2014 and as at 31 December 2015, the outstanding principal of the Convertible Notes issued by the Company amounted to HK\$30,000,000 which was held by Mr. Cui. The effective interest rate is 12% per annum (30 April 2015: 12% per annum).

All outstanding Convertible Notes were subsequently converted to ordinary shares on 7 January 2016.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 7 January 2016, the Company allotted 60,000,000 ordinary shares upon conversion of the Convertible Notes of the principal amount of HK\$30,000,000. Immediately after the conversion, there were no outstanding Convertible Notes issued by the Company.

On 29 January 2016, the Group and SMI Culture Group Holdings Limited (“**SMI Culture**”) entered into a subscription agreement, pursuant to which SMI Culture conditionally agreed to issue, and the subscriber, which is a subsidiary of the Company, conditionally agreed to subscribe for HK\$250,000,000 9% Notes (the “**SMI Notes**”) in the aggregate principal amount of HK\$250,000,000. The SMI Notes bear interest at 9% per annum and mature in 6 months and are guaranteed by SMI Holdings Group Limited, an independent third party of the Group, as guarantor.

On 3 February 2016, the Group entered into a limited partnership agreement (the “**Limited Partnership Agreement**”) with an investor, which is an independent third party of the Group, in relation to the formation of Huarong International Asset Management Growth Fund L.P. (the “**Fund**”) for a period of 3 years. Pursuant to the Limited Partnership Agreement, the Group agreed to make a total capital contribution to the Fund of US\$63 million, representing 90% of the aggregate Fund size. The Fund was established for the principal purpose of (i) subscribing the Chinasoft Convertible Notes (as defined below) in the aggregate principal amount of US\$70 million due in 2019; and (ii) investment in other companies which will produce attractive returns on capital from investments of the Fund while managing investment risk.

On 3 February 2016, subsequent to the execution of the Limited Partnership Agreement, the Fund and Chinasoft International Limited (“**Chinasoft**”) entered into a subscription agreement, pursuant to which Chinasoft conditionally agreed to issue, and the Fund conditionally agreed to subscribe, for the convertible notes in aggregate principal amount of US\$70 million (the “**Chinasoft Convertible Notes**”). The Chinasoft Convertible Notes bear interest at 4.5% per annum with the initial conversion price at HK\$3 per share maturing in 2019. On 15 February 2016, the Fund completed the subscription of the first tranche of the Chinasoft Convertible Notes in the amount of US\$30 million. On 10 March 2016, the Fund completed the subscription of the second tranche of the Chinasoft Convertible Notes in the amount of US\$40 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

In 2015, the Group changed its financial year end from 30 April to 31 December and therefore there were only eight months for this financial Period. Although 2015 is not a full financial year, the Group had achieved a satisfactory result with the efforts of management and support from China Huarong. The Group recorded a revenue of approximately HK\$168,003,000 from the continuing operations for the Period as compared to the revenue of approximately HK\$46,368,000 for FY2014, representing an increase of approximately 262.3%.

As a result of the increase in revenue, together with the gain on disposal of available-for-sale investments, profit attributable to the shareholders for the Period significantly increased to approximately HK\$139,397,000 as compared to the restated loss of approximately HK\$66,628,000 in FY2014.

As the Group is still in the revamping stage since China Huarong became its indirect controlling shareholder, the Board considers that it is of the Group's interest to focus its financial resources on the expansion of businesses. Therefore, the Board does not recommend a payment of final dividend in the Period (FY2014: Nil).

BUSINESS REVIEW

2015 was a milestone year of the Group. The Group had completed the restructuring and the distribution of equity shares of MSL. Following the completion of restructuring and the Distribution in Specie, Camellia, an indirect wholly-owned subsidiary of China Huarong, subscribed for 1,702,435,038 new shares in the Company on 31 August 2015 and has become the immediate controlling shareholder since then.

Accordingly, the name of the Company was changed from Simsen International Corporation Limited to Huarong International Financial Holdings Limited in October 2015. With the new brand name, the Group aspires to expand its businesses and operations by fully utilising its licenses issued under the SFO (type 1, 2, 4, 6 and 9 licences). The reporting operating segments are also transformed as follows:

Securities

The securities segment comprises broking and dealing of securities, futures and options contracts and the provision of margin financing services. The revenue from the securities segment increased from approximately HK\$34,941,000 in FY2014 to approximately HK\$44,911,000 during the Period while the segment result increased from approximately HK\$9,786,000 in FY2014 to approximately HK\$28,658,000 during the Period. The significant increase was due to a combination of higher trading volume and more arrangement and handling fee income arising from new margin loans during the Period. Margin loan receivables increased from approximately HK\$86,037,000 as at 30 April 2015 to approximately HK\$868,474,000 as at 31 December 2015 as a result of the efforts of the Company put in business expansion in the last quarter of 2015.

Corporate Finance

The corporate finance segment provides securities underwriting and sponsoring and financial advisory services to institutional clients. The revenue from this segment increased from approximately HK\$11,427,000 in FY2014 to approximately HK\$59,370,000 during the Period. In particular, the Group acted as one of the underwriters in the IPO of China Huarong, the shares of which were listed on the Main Board of the Stock Exchange in October 2015.

Asset Management and Direct Investment

In the last quarter of 2015, the Group started its asset management and direct investment business, which include asset management services and direct investments in equities, bonds, funds, derivative instruments and other financial products.

Regarding the asset management business, the Group set up a close-end fund, namely Huarong International Asset Management Great China Investment Fund L.P., with aggregate capital of US\$30,000,000 during the Period. The Group acts as both general partner and limited partner of the fund.

Regarding direct investments business, the Group recognised unrealised profit and realised profit of approximately HK\$49,891,000 and HK\$5,581,000 respectively during the Period.

Discontinued Operations

The Group's discontinued operations included dealing of bullion and forex contracts, money lending, provision of pawns loans and financing lease services. The discontinued operations recorded a revenue of approximately HK\$30,945,000 during the Period (FY2014: HK\$198,893,000) with a net loss of approximately HK\$15,818,000 (FY2014: profit of HK\$3,907,000). There was a significant drop in revenue from discontinued operations because the discontinued operations were only covered into the Group's results from 1 May 2015 to 3 August 2015 and the business of discontinued operations in Hong Kong had scaled down. The revenue and results relating to these businesses are classified as discontinued operations for both the Period and FY2014.

The Company had completed the group reorganisation and the discontinued operations were transferred to MSL. On 3 August 2015, the shares of MSL were distributed to the shareholders of the Company by way of the Distribution in Specie.

PROSPECT

The year of 2016 will be a challenging year with the cooling down economy in China and the increasingly competitive market environment. However, it is expected that more channels connecting the China market, including the anticipated launch of Shenzhen-Hong Kong Stock Connect, will open up new business opportunities in Hong Kong.

Leveraging on the licenses issued under the SFO (type 1, 2, 4, 6 and 9 licences) that it possessed, the Group will promote the interconnection between its financing and investment business and licenced business, and establish a platform regarding the three major businesses “securities”, “corporate finance” and “asset management”. The Group will promote the development of the businesses carried out under the above licences, and focus on the five major business segments of dealing of securities, margin, mergers and acquisitions financing, fund investment and asset management.

In 2016, the Group will continue the momentum in the last quarter of 2015 and focus on growing its businesses using its licences issued under SFO. With the new brand name “China Huarong” and the support from our ultimate holding company, the year of 2016 will be a significant year for the Company to enhance its basic infrastructure and to accomplish its transformation.

CAPITAL STRUCTURE

During the Period, the Company issued 1,702,435,038 new shares at HK\$0.275 per share. As at 31 December 2015, the total number of the issued share capital with the par value of HK\$0.001 each was 3,278,107,918 and total equity attributable to shareholders was approximately HK\$735,155,000 (30 April 2015: HK\$1,256,171,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group had total cash and cash equivalents amounting to approximately HK\$3,040,911,000 (30 April 2015: HK\$68,337,000), which already excluded approximately HK\$623,241,000 (30 April 2015: HK\$280,004,000) of client funds that were kept in separate designated bank accounts.

The Group’s gearing ratio as at 31 December 2015 was 530.7% (30 April 2015: 6.2%), being calculated as borrowings over the Company’s shareholders’ equity. The increased borrowings are attributable to the loan from the controlling shareholder for the expansion of businesses.

As at 31 December 2015, the Group’s banking facilities amounted to HK\$40,000,000 (30 April 2015: HK\$40,000,000), including a revolving loan facility amounting to HK\$10,000,000 (30 April 2015: HK\$10,000,000) and the remaining facility amounting to HK\$30,000,000 (30 April 2015: HK\$30,000,000) which represents a margin facility and the availability of this facility is conditional upon the execution of charges over securities by a subsidiary of the Company. None of the banking facilities was utilised and outstanding as at 31 December 2015. The Group’s banking facilities are secured by pledged bank deposits or corporate guarantee executed by the Company.

The Group actively and regularly reviews and manages its capital structure and makes adjustments in light of changes in economic conditions. For the SFC licensed subsidiaries, the Group ensures each of the subsidiaries maintains a liquidity level adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Period, all the licensed subsidiaries have complied with the liquidity requirements under the Securities and Futures (Financial Resources) Rules (the “**FRR**”).

CHARGES ON GROUP ASSETS

As at 31 December 2015, a bank deposit of approximately HK\$10,353,000 (30 April 2015: HK\$10,725,000) was pledged to secure banking facilities of the Group.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 80 employees (30 April 2015: 73 employees, excluding employees in discontinued operations). The Group’s staff recruitment and promotion are primarily based on individuals’ merits, relevant experiences, development potentials for the positions offered and performance. Staff remuneration and benefit policies, which are formulated by reference to the market, are competitive and performance based.

FOREIGN EXCHANGE EXPOSURES

The Group’s revenue and expenditure are mainly denominated in United States dollars and Hong Kong dollars. The Group’s foreign exchange exposure is mainly from the translation of its assets and liabilities denominated in United States dollars. As Hong Kong dollars are pegged with United States dollars, the Directors believe that the Group’s foreign exchange exposure is manageable and the Group will closely monitor the risk exposure from time to time.

CONTINGENT LIABILITIES

Huarong International Securities Limited (previously known as United Simsen Securities Limited) (“**HISL**”), an indirectly wholly owned subsidiary of the Company, was joined as the 10th defendant to the High Court action HCA 64/2012 commenced by Mayer Holdings Limited (“**Mayer**”) as plaintiff (the “**Action**”) and was served with the Re-amended Writ of Summons and Re-amended Statement of Claim for the Action. Mayer is claiming against HISL for damages for, among other things, breach of contract. HISL has sought legal advice on the alleged claims against it. Based on their understanding of the factual background concerning the alleged claims against HISL, the Directors consider that HISL has a defence of merit and will therefore direct HISL to defend the alleged claims strenuously. HISL was in the course of providing relevant information to the High Court and there was no substantial progress as at 31 December 2015 and up to the date of authorisation for the consolidated financial statements. Save as disclosed above, the Group had no other material contingent liability at 31 December 2015.

DIVIDEND

The Board does not recommend the payment of final dividend in respect of the Period.

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

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

CORPORATE GOVERNANCE

The Board and management of the Company are committed to principles of good corporate governance which are believed to be crucial in enhancing sustainable shareholder value and other stakeholders as well by strictly following the relevant provisions under the Listing Rules.

During the Period, the Company had applied the principles and complied with the applicable code provisions (the "**Code Provision**") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Period, except for the following deviation from Code Provision A.2.1:

Pursuant to Code Provision A.2.1, the roles of the chairman and the Group chief executive officer should be separate and should not be performed by the same individual. The Company had not appointed the chairman of the Board and Mr. Liu Xiaodong, the chief executive officer, usually chaired meetings of the Board. In performing his role as chairman of the meetings, Mr. Liu Xiaodong provided leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practices. On 14 March 2016, Mr. Liu Xiaodong was appointed as the Chairman of the Board. Despite such deviation, the Board considers that the current arrangement does not impair the balance of power and authority between the management of the Board and the management of the business of the Company.

AUDIT COMMITTEE

The audit committee (the "**Audit Committee**") of the Company was established in accordance with the requirements of Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls systems, and compliance with the relevant rules and regulations. The Audit Committee comprises three independent non- executive Directors of the Company. The consolidated financial statements for the Period have been reviewed by the Audit Committee.

OTHER MATTER

The comparative figures in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and consolidated statement of cash flows and the relevant explanatory notes were prepared based on the consolidated financial statements of the Group for the year ended 30 April 2015, which were audited by another auditor who expressed an unmodified opinion on those statements on 29 July 2015. During the course of preparing the consolidated financial statements for the period from 1 May 2015 to 31 December 2015, the Directors have determined that the prior years' financial statements of the Group require restatements. Accordingly the comparative figures have been restated as described in Note 4.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transaction. Having made specific enquiry with all Directors, the Board has confirmed compliance with the required standard set out in the Model Code throughout the Period.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the period from 1 May 2015 to 31 December 2015 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the period. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FURTHER INFORMATION ON WEBSITE

This announcement will be published on the websites of the Company (www.hrif.com.hk) and the Hong Kong Exchanges and Clearing Limited (“**HKEx**”) (www.hkexnews.hk). The 2015 Annual Report containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of the Company and HKEx in April 2016.

APPRECIATION

We would like to take this opportunity to thank the shareholders of the Company for their continuing support and all the staff for their dedication and hard work.

By order of the Board
Huarong International Financial Holdings Limited
Liu Xiaodong
Chairman and Chief Executive Officer

Hong Kong, 14 March 2016

As at the date of this announcement, the executive Directors are Mr. Liu Xiaodong, Mr. Jiang Rongjian and Mr. Xiong Hao and the independent non-executive Directors are Dr. Wong Tin Yau Kelvin, Mr. Tse Yung Hoi and Mr. Yeung Siu Keung.