中國富強金融集團
CHINA FORTUNE
FINANCIAL GROUP

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 290)

Annual Report 2014

The Golden Fortune

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Min *(Chairman)*
Mr. NG Cheuk Fan Keith *(Managing Director)*
Mr. HON Chun Yu
Mr. XIA Yingyan

Non-Executive Directors

Mr. WONG Kam Fat Tony *(Vice-Chairman)*
Mr. WU Ling

Independent Non-Executive Directors

Mr. NG Kay Kwok
Mr. TAM B Ray Billy

COMPANY SECRETARY

Ms. HAU Po Ping

AUTHORISED REPRESENTATIVES

Mr. NG Cheuk Fan Keith
Ms. HAU Po Ping

AUDIT COMMITTEE

Mr. NG Kay Kwok *(Chairman)*
Mr. TAM B Ray Billy

REMUNERATION COMMITTEE

Mr. TAM B Ray Billy *(Chairman)*
Mr. NG Kay Kwok
Mr. ZHANG Min

NOMINATION COMMITTEE

Mr. TAM B Ray Billy *(Chairman)*
Mr. NG Cheuk Fan Keith
Mr. NG Kay Kwok

AUDITOR

SHINEWING (HK) CPA Limited
Certified Public Accountants

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

35/F, Office Tower
Convention Plaza
Wan Chai
Hong Kong
Tel: (852) 3105 1863
Fax: (852) 3105 1862

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
Standard Chartered Bank (Hong Kong) Limited
Chong Hing Bank Limited

LEGAL ADVISERS

Hong Kong Law

Li & Partners

Cayman Islands Law

Maples and Calder

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai
Hong Kong
Tel: (852) 2849 3399
Fax: (852) 2849 3319

STOCK CODE

0290

WEBSITE

www.290.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (each a "**Director**") of China Fortune Financial Group Limited (the "**Company**"), together with its subsidiaries collectively referred to as (the "**Group**"), I hereby present the results of the Group for the year ended 31 March 2014.

2013 is the year in which the uncertainties still continued to cloud the global economy and dampened investor's confidence. With the recovery of the economy of The United States of America ("**USA**") or ("**US**"), the Federal Reserve of the United States during the year announced the plan to withdraw from quantitative easing monetary policy gradually, and that may cause a widely fluctuation in the exchange rate and high level of volatility in the global financial markets. Meanwhile, the overall economic growth in the People's Republic of China ("**PRC**") or ("**China**") starts to slow down. China's GDP growth in 2013 increased by 7.7% which is the slowest since 1999. The economic challenges exacerbated by slowing growth in Asia and European debt crisis.

On the other hand, the economic recovery of the US may make significant contribution to the revival of the global economy. In addition, the central government of China has determined several economic reforms, including establishment of the Free Trade Zone, the Shanghai-Hong Kong Stock Connect pilot programme and the exchange rate market-oriented reform and the acceleration on the interest rate market and allowing private capital into the bank sector. All of these factors may have a positive impact on the global financial market.

During the year under review, the Group recorded a turnover of approximately HK$51,140,000 (2013: approximately HK$46,810,000) and the net loss attributable to shareholders of the Company ("**Shareholders**") was approximately HK$15,623,000 (2013: approximately HK$69,366,000). The decrease in net loss mainly due to a significant gain arising from the reversal of impairment losses and decrease in impairment losses recognized in respect of trade receivables.

Going forward, the Board is cautiously optimistic as the global financial and economic conditions are expected to remain challenging in 2014 for the reason of potential negative impact by the combined effects of the slow recovery of Asian economy, the withdrawal of quantitative easing policy, the slowdown of China's economy and the debt crisis in the Eurozone. The Board will pay attention to the changes in global economy and continue to explore and pursue growth opportunities in order to enhance the shareholders' value and strengthen the financial position of the Company.

On behalf of the Board, I would like to express our sincere gratitude to all Shareholders, business partners, colleagues, and other stakeholders for their unwavering support in the past year.

By Order of the Board

ZHANG Min
Chairman

Hong Kong, 20 June 2014

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 March 2014, turnover of the Group amounted to approximately HK$51,140,000, representing an increase of approximately 9.25% from approximately HK$46,810,000 for the year ended 31 March 2013. The increase in turnover was mainly attributable to increase in turnover contributed from the gain on trading of listed securities, and service income from corporate finance. The Group recorded a loss for the year of approximately HK$15,623,000, as compared with the loss of approximately HK$69,366,000 in the last year. The loss for the year was principally attributable to (i) reduction in margin interest income from securities brokerage business; (ii) change in fair value of derivative component of convertible loan notes; (iii) reduction in interest income from money lending business; and (iv) impairment loss recognised in respect of interests in joint ventures. Net loss attributable to owners of the Company for the year amounted to approximately HK$15,254,000, representing a decrease of approximately 77.89% from approximately HK$69,002,000 in last year. The basic and diluted loss per share for the year was approximately HK0.46 cent as compared with the basic and diluted loss per share of approximately HK2.18 cents in last year.

REVIEW OF OPERATIONS

Broking and margin financing

Although the tough business environments including the sluggish trading volumes and diminishing net commission income as a result of the cut-throat competition among local brokers during the year, the Group recorded a segment profit of approximately HK$33,152,000 due to increase in the reversal of impairment losses, and decrease in impairment loss for the year ended 31 March 2014 as compared to a segment loss of approximately HK$24,410,000 in last year.

Proprietary trading

During the year, all securities traded were shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Despite the uncertainties in global economy, the stock market in Hong Kong had shown slightly growth and improvement during the year under review. In the proprietary trading business, for the year the Group recorded a turnover increase to approximately HK$12,400,000 (2013: trading profit of securities amounting to approximately HK$3,607,000) and a profit of approximately HK$11,796,000 (2013: profit of approximately HK$2,729,000). The increase in turnover and the profit during the year was attributed to the improvement in the Hong Kong stock market.

Corporate finance

The initial public offering ("**IPO**") market in Hong Kong was more active this year. Funds raised through IPO were approximately HK$169 billion, representing an increase of approximately 88% comparing with last year. Revenue from our corporate finance business increased by approximately 54.27% from approximately HK$6,535,000 to approximately HK$10,082,000 while the segment profit amounted to HK$685,000 approximately for the year ended 31 March 2014 as compared to a segment loss of approximately HK$4,158,000 in last year.

Money lending

During the year, the money lending market was under the intensive competition among the local competitors. The Group recorded a decline in interest income to approximately HK$4,852,000 for the year ended 31 March 2014 as compared to interest income of approximately HK$9,472,000 in 2013. While remaining cautious about granting new loans, the Group will continue to explore other money lending opportunities.

Other businesses

During the year, the Group recorded turnover from other business operation in the areas of other consultancy services and insurance brokerage income of approximately HK$6,229,000 (2013: approximately HK$6,126,000). In the future, the Group will continue to explore new business opportunities for the purpose of providing diversified products and services to our clients.

Disposal of a subsidiary

During the year, the Group disposed of its entire interest in Pegasus Financial Public Relations Limited (formerly known as Fortune Media Advisory Limited) ("**Pegasus Financia**l") at a cash consideration of approximately HK$1,150,000 and recognised a gain on disposal of approximately HK$347,000.

SIGNIFICANT EVENTS

Provision of financial assistance

On 16 September 2013, the Company entered into a counter-guarantee agreement with Hanhua Guarantee Company Limited* ("**Hanhua**"), pursuant to which the Company agreed to counter-guarantee Hanhua for all liabilities and expenses which may be incurred by Chongqing Liangjiang New Area Runtong Small Loans Limited* ("**Runtong**") and on 16 September 2013, the Company entered into a deed of cross indemnity with Credit China Holdings Limited ("**Credit China**") in relation to the counter-guarantee to Hanhua. On 19 November 2013, the Company entered into another counter-guarantee agreements with Chongqing Liangjiang New Area Financing Guarantee Company Limited* ("**Liangjiang New Area Guarantee Limited**"), pursuant to which the Company agreed to counter-guarantee Liangjiang New Area Guarantee Limited for all liabilities and expenses which maybe incurred by Liangjiang New Area Guarantee Limited in relation to the loans made to Runtong and the fees, expenses and penalties to be received by Liangjiang New Area Guarantee Limited under its guarantee to Runtong and on 19 November 2013, the Company entered into two deeds of cross indemnity with Credit China in relation to the counter-guarantee to Liangjiang New Area Guarantee Limited.

For details of the above transactions, please refer to the announcement of the Company dated 19 November 2013.

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Rejection to an offer in relation to a proposed disposal of China Runking Financing Group Holdings Limited ("Proposed Disposal")

On 3 January 2014, Gold Kingdom Holdings Limited ("**Gold Kingdom**"), a wholly-owned subsidiary of the Company, received the offer letter ("**Offer Letter**") pursuant to which the Purchaser conditionally offered to purchase from Gold Kingdom 25% of the issued share capital of China Runking Financing Group Holdings Limited ("**China Runking**"), representing the entire equity interest held by the Group in China Runking, for a cash consideration of HK$70,700,000 (the **"Offer"**).

China Runking is the holding company of Runtong, which in turn, is principally engaged in small loan business in Chongqing, the PRC. China Runking is owned as to 60% by Jovial Lead Limited, a wholly-owned subsidiary of Credit China, as to 25% by Gold Kingdom, as to 10% by Full Plus Group Limited and as to 5% by Profounders.

After taking into account the current business strategy and financial position of the Group, the Directors are of the view that it is in the interest of the Company and its shareholders to retain the Group's interest in Runtong for its business prospects and potential returns to be brought to its shareholders, and rejection to the Offer would not have any material adverse impact on the Group. As such, on 29 January 2014, Gold Kingdom has notified the Purchaser to reject the Offer. Accordingly, the Proposed Disposal does not proceed.

For details of the Proposed Disposal, please refer to the announcements of the Company dated 3 January 2014 and 29 January 2014.

PROSPECTS

We expect that the global economy for 2014 may still remain uncertain and challenging as the combined effects of the slow recovery of the Asian economy, the withdrawal of quantitative easing policy, the slowdown of China's economy and the debt crisis in the Euro zone.

In April 2014, the China Securities Regulatory Commission and the Securities & Futures Commission of Hong Kong announced to launch a trading program known as Shanghai-Hong Kong Stock Connect, which will allow mainland China and Hong Kong investors to trade eligible share listed on each other's market through local securities firms or brokers. Therefore we expect that the performance of stock market in Hong Kong and China to be relatively optimistic and the program might constitute a good business opportunity for the Group.

The IPO market in Hong Kong was more active this year. According to the Stock Exchange, as at 31 December 2013, 110 companies had completed listing on the Stock Exchange with an increase of approximately 77% as compared to that in last year. The amount of funds raised reached approximately HK$169 billion, representing an increase of approximately 88% as compared to that in last year. To capture this market, the Group will continue to strengthen its corporate finance and financial advisory services in order to achieve better results.

Following the gradual withdrawal of quantitative easing policy in the US, the funding is expected to be tightened in both China and Hong Kong. The money lending business might benefit from those tightened measures. However, the Group will conduct the money lending business with all due vigilance and precaution.

Looking ahead, the Group will continue to concentrate on developing broking and margin financing, proprietary trading, corporate finance and money lending as its core businesses, however the Group will constantly explore and evaluate new business opportunities with cautious and prudence in order to generate quality returns for our shareholders and strengthen the Group's business and financial positions.

CAPITAL STRUCTURE

As at 31 March 2013, the total issued shares of the Company (the "**Shares**") capital was approximately HK$316,609,000, comprising 3,166,085,668 Shares of HK$0.10 each.

A conditional placing agreement dated 18 July 2013 (the "**Placing Agreement**") was entered between the Company and Fortune (HK) Securities Limited ("**F(HK)SL**"), a wholly-owned subsidiary of the Company, as the placing agent for which F(HK)SL agreed to place a maximum of 300,000,000 new Shares at the price of HK$0.10 per placing Share (the "**Placing**"). All conditions of the placing have been fulfilled and completion of the placing took place on 1 August 2013. A total of 252,300,000 placing Shares have been successfully placed by F(HK)SL to not fewer than six places, which were independent third parties and not connected with the Company and its associates, at the placing price of HK$0.10 per placing Share pursuant to the terms and conditions of the Placing Agreement. The closing price per Share in the Company as quoted on the Stock Exchange on 18 July 2013, being the date of the Placing Agreement, was HK$0.075. The net proceeds from the Placing (after deduction of the relevant expenses and costs) is approximately HK$24.7 million, of which had been used for repayment of debts and as the general working capital of the Group. For details, please refer to the announcements of the Company dated 18 July 2013 and 1 August 2013.

As at 31 March 2014, the total issued Shares capital was approximately HK$341,839,000 comprising 3,418,385,668 Shares of HK$0.10 each.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries, the Group ensures each of them maintains a liquid capital 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 year, all licensed subsidiaries of the Group complied with the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

During the year, the Group mainly financed its operations by cash generated from operations and short-term bank, other borrowings and issuance of the corporate bonds.

As at 31 March 2014, the Group's current assets and current liabilities were approximately HK$465,084,000 (as at 31 March 2013: approximately HK$447,295,000) and approximately HK$182,157,000 (as at 31 March 2013: approximately HK$128,311,000) respectively, while the current ratio was about 2.55 times (as at 31 March 2013: 3.49 times).

As at 31 March 2014, the Group's aggregate cash and cash equivalents amounted to approximately HK$87,011,000 (as at 31 March 2013: approximately HK$43,535,000), of which approximately 88% was denominated in Hong Kong dollars, approximately 11% was denominated in United States dollars and approximately 1% was denominated in Reminbi, representing approximately 18.70% (as at 31 March 2013: approximately 9.73%) of total current assets. As at 31 March 2014, the Group had no bank and other borrowings (as at 31 March 2013: approximately HK$52,954,000).

During the year, no financial instruments were used for hedging purposes. As at 31 March 2014, the gearing ratio, measured on the basis of total borrowing as a percentage of total shareholders' equity, was approximately 36.79% (as at 31 March 2013: approximately 37.92%). The decrease was mainly due to repayment of loans during the year.

As at 31 March 2014, the debt ratio, defined as total debts over total assets, was approximately 45.50% (as at 31 March 2013: approximately 39.54%).

As at 31 March 2014, the Group has issued two to seven and a half years corporate bonds with aggregate principal amounts of HK$53,810,000 to eight independent third parties, which are due in December 2015, January 2016, October 2020, December 2020, March 2021 and June 2021 respectively, and carry interest at fixed rate of 6% to 7% per annum with interest payable annually in arrears. The corporate bonds are unsecured.

SIGNIFICANT INVESTMENT

As at 31 March 2014, the Group held financial assets at fair value through profit and loss amounted to approximately HK$22,464,000 (as at 31 March 2013: approximately HK$22,842,000).

CONTINGENT LIABILITIES

During the year ended 31 March 2014, the Group has provided certain counter financial guarantees to two independent third parties, which has provided financial guarantees directly to Chongqing Liangjiang New Area Runtong Small Loans Limited*, an associate of the Group, in aggregate of approximately RMB10,000,000 (equivalent to approximately HK$12,317,000) (2013: nil).

For details, please refer to the announcement of the Company dated 19 November 2013.

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CHARGE ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 31 March 2014 (2013: nil).

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of client's trading and credit limits, regular review of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

FOREIGN CURRENCY FLUCTUATION

During the year, the Group mainly used Hong Kong dollars to carry out its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

HUMAN RESOURCES

As at 31 March 2014, the Group had 81 employees in total (as at 31 March 2013: 74 employees). The related employees' costs for the year (excluding directors' emoluments) amounted to approximately HK$31,977,000. The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions. For details of the share option scheme, please refer to the section headed "**Share Option Scheme**" in the Directors' Report of this annual report.

LITIGATION

In April 2014, a writ of summons was issued by a third party in liquidation (the "**Plaintiff**") against F(HK)SL, a subsidiary of the Company, in relation to HK$4,000,000 ("**Sum**") paid to F(HK)SL pursuant to a cheque issued by the Plaintiff in September 2009 which was transferred to a client's account maintained with F(HK)SL. The Plaintiff claimed that the Sum was money belonging to them and demanded for a refund of the Sum. As advised by the legal adviser to the case, pursuant to the terms and conditions of the client's agreement entered into between the client and F(HK)SL, F(HK)SL is entitled to set off or withhold any securities and monies held in the account against any liabilities owed by the client. Having considered the legal advice, the Board believes that the said legal action does not have any material adverse impact on the Group's operation and financial position. As at the date of this report, the said legal action is still in progress.

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. ZHANG Min

Mr. ZHANG Min, aged 56, was appointed as a non-executive Director on 8 December 2010 and was re-designated to an executive Director on 12 April 2011. He was also appointed as chairman of the Board on 12 April 2011. Mr. Zhang is a member of the Remuneration Committee of the Company. He holds a Bachelor of Philosophy Degree from the Beijing Normal College and a Master of Laws Degree from the Renmin University of China. In addition, Mr. Zhang was an independent non-executive director of Silver Base Group Holdings Limited from 28 January 2011 to 1 April 2014, a company listed on the main board of the Stock Exchange. He was also the chief marketing officer of the China Cinda Asset Management Co., Ltd from 28 April 2011 to 31 August 2013 and was the chief executive of China Construction Bank Corporation, Hong Kong Branch, from September 2006 to March 2011 and a director of CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited from August 2006 to March 2011. Both CCB International (Holdings) Limited and China Construction Bank (Asia) Corporation Limited are wholly-owned subsidiaries of China Construction Bank Corporation (together with its subsidiaries referred to as the "**CCBC Group**"), a joint stock company incorporated in the PRC with limited liability, whose issued shares are listed on the main board of the Stock Exchange. He was the president of the Beijing Banking Association from 2003 to 2005 and the Beijing Investment Institution from 2001 to 2006. Mr. Zhang possesses over 20 years' experience in the banking industry through his work with the CCBC Group.

Mr. NG Cheuk Fan Keith

Mr. NG Cheuk Fan Keith, aged 53, was appointed as an executive Director in April 2007 and was further appointed as the Managing Director on 4 December 2007. Mr. Ng is a member of the Nomination Committee of the Company. Upon his directorate in the Company, he was further appointed as directors of most all subsidiaries of the Group. Mr. Ng graduated from the University of Alberta, Canada with a Bachelor Degree in Commerce, majoring in Accounting. He also received a Master of Commerce degree in Professional Accounting from the University of New South Wales, Australia. Mr. Ng is a member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. He has over 20 years of corporate development, corporate re-structuring, management and accounting experience. Mr. Ng is an executive director, the chairman and one of the authorized representatives of U-right International Holdings Limited ("**U-right International**"), and he was the Company Secretary of U-right International from 7 January 2011 to 18 September 2013, a company listed on the main board of the Stock Exchange. Mr. Ng was also an independent non-executive director of the Hong Kong Building and Loan Agency Limited from 15 January 2010 to 3 August 2012, a company listed on the main board of the Stock Exchange. He was an executive director of Hao Tian Resources Group Limited from 1 September 2009 to 20 September 2011 and New Environmental Energy Holdings Limited from 16 August 2010 to 27 May 2011, both of which are listed on the main board of the Stock Exchange.

Mr. HON Chun Yu

Mr. HON Chun Yu, aged 38, was appointed as an executive Director in January 2010. He has over ten years' experience in the securities brokerage industry. In November 2002, Mr. Hon joined the Group and served in both the accounting department of the Group for one year and as an account executive of a wholly-owned securities company of the Group for one year. Mr. Hon then left to pursue his career in a renowned securities company, before re-joining the Group in May 2006 as the operations manager of F(HK)SL, a wholly-owned subsidiary of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS

Mr. XIA Yingyan

Mr. XIA Yingyan, aged 52, was appointed as non-executive Director on 8 December 2010 and was re-designated to executive Director on 5 May 2011. Mr. Xia was further appointed as directors of various subsidiaries of the Group in 2012. He graduated from Hainan University, majoring in both International Trade and Commerce and Business Administration. Mr. Xia possesses significant management experience in the PRC and Hong Kong trade and business. He was formerly the development manager of Hainan Huahai (Hong Kong) Limited, and the assistant to president of HNA Group (Hong Kong) Limited, a subsidiary of HNA Group. HNA Group is based in Hainan Province of the PRC whose shares are listed on PRC's A and B Stock Exchange Markets. Mr. Xia was the manager of Hainan Meilan International Airport Company Limited ("**Hainan Meilan**") where he is responsible for Hong Kong affairs. Hainan Meilan is a joint stock company incorporated in the PRC with limited liability whose issued shares are listed on the main board of the Stock Exchange. As at the date of this report, Jadehero Limited ("**Jadehero**"), a company incorporated in the British Virgin Islands with limited liability, beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Xia is a director of Jadehero and the sole director of, and the sole beneficial owner of the entire equity interest in, Southlead Limited.

NON-EXECUTIVE DIRECTORS

Mr. WONG Kam Fat Tony

Mr. WONG Kam Fat Tony, aged 51, was appointed as a non-executive Director in September 2009. He resigned as the chairman of the Company and was appointed as the vice-chairman of the Company in April 2011. Mr. Wong is the vice-chairman of the board of directors as well as the chairman of human resources and administration committee of Sik Sik Yuen. He is also the supervisor of Ho Yu College and Primary School. He has profound management experience in working with charities and in the education industry as well as possessing over 18 years of management experience in the printing industry. He is a director of Hip Lik Design and Printing Company Limited, which is principally engaged in the printing business. As at the date of this report, Jadehero beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong is a director of Jadehero and the sole director of, and the sole beneficial owner of the entire equity interest in, Marvel Steed Limited.

Mr. WU Ling

Mr. WU Ling, aged 60, was appointed as a non-executive Director on 16 December 2011. He holds a Bachelor Degree in Economics from Zhongnan University of Economics and Law. Mr. Wu is a senior economist and has over 20 years of experience in the PRC in the area of banking and financial services related business. Mr. Wu is currently an executive director and vice chairman of Well Kent International Investment Company Limited, a company incorporated in Hong Kong.

BIOGRAPHICAL DETAILS OF DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. NG Kay Kwok

Mr. NG Kay Kwok, aged 52, was appointed as an independent non-executive Director of the Company in September 2007. He is also the chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. Ng graduated from the Australian National University with a Bachelor's Degree in Economics and obtained a Graduate Diploma in Accounting from Macquarie University. He is a member of CPA Australia and has extensive experience in accounting and financial management. Mr. Ng is an independent non-executive director of Merdeka Resources Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (the "**GEM**").

In additional, Mr. Ng was an executive director and the chief executive officer of M Dream Inworld Limited ("**M Dream**") from 9 July 2010 to 31 May 2011 and from 29 May 2012 to 24 May 2013, he also was the company secretary of M Dream from 1 January 2007 to 31 May 2011, a company listed on the GEM.

Mr. TAM B Ray Billy

Mr. TAM B Ray Billy, aged 46, was appointed as an independent non-executive Director in December 2007. He is also the chairman of the Nomination Committee and the Remuneration Committee, and a member of the Audit Committee of the Company. Mr. Tam has been a practising solicitor in Hong Kong for around twenty years. He is currently a partner of Messrs. Ho & Tam. Mr. Tam holds a Bachelor Degree of Laws from the University of London, a Bachelor Degree of PRC Laws from Tsinghua University, a Master Degree of Laws from The University of Hong Kong and a Master Degree of Business Administration (Executive MBA Programme) from the Chinese University of Hong Kong. He is an independent non-executive director of EDS Wellness Holdings Limited (formerly known as China AU Group Holdings Limited) and a non-executive director of Larry Jewelry International Company Limited, both of which are listed on the GEM. Mr. Tam is also a non-executive director of Milan Station Holdings Limited, a company listed on the main board of the Stock Exchange.

In addition, Mr. Tam was an independent non-executive director of Luxey International (Holdings) Limited (formerly known as Inter High Tech Group Limited) from April 2005 to December 2006, M Dream from 18 June 2010 to 29 November 2013 and China Natural Investment Company Limited from 11 November 2011 to 18 June 2014, all of which are listed on the GEM.

DIRECTORS' REPORT

REPORT OF DIRECTORS

The Directors present their annual report and the audited financial statements for the year ended 31 March 2014 of the Group.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 43 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit of loss and other comprehensive income on pages 42 and 43 of this annual report.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: nil).

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

SHARE CAPITAL AND CONVERTIBLE NOTES

Details of movements in the share capital and convertible notes of the Company during the year are set out in notes 35 and 34 to the consolidated financial statements respectively.

RESERVES

Movements in the reserves of the Group during the year are set out on pages 46 and 47 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2014 and 31 March 2013, the Company had no reserves available for distributions.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out on page 136 of this annual report. This summary does not form part of the audited financial statements.

SHARE OPTION SCHEME

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company's original share option scheme was approved by the Shareholders on 12 February 2003 (the "**2003 Scheme**"), and was early terminated and replaced by a new share option scheme approved by the Shareholders on 19 August 2011 (the "**2012 Scheme**"). The 2012 Scheme shall be valid and effective for a period of ten years commencing on 19 August 2011, subject to the early termination provisions contained therein.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1. The subscription price of a Share in respect of any particular option granted under the 2012 Scheme shall be a price solely determined by the Directors, but shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which shall be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the 2012 Scheme does not exceed 10% of the shares in issue as at the date of adoption of the 2012 Scheme. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the Rules Governing on the Listing of Securities of the Stock Exchange (the "**Listing Rules**"), provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time.

The total number of securities available for issue under the 2012 Scheme as at the date of this annual report was 292,408,566 Shares which represented approximately 9.24% of the issued share capital of the Company as at the date of this annual report. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the 2012 Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised in accordance with the terms of the 2012 Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

No share option was granted, exercised, lapsed or cancelled during the year ended 31 March 2014 pursuant to the 2012 Scheme.

As at 31 March 2014, the Company did not have any outstanding options under the 2012 Scheme.

Details of the share option scheme are set out in note 38 to the consolidated financial statements.

DIRECTORS

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

Executive Directors

Mr. ZHANG Min ("**Mr. Zhang**") *(Chairman) (Note 2)*
Mr. NG Cheuk Fan Keith *(Managing Director)*
Mr. HON Chun Yu
Mr. XIA Yingyan

Non-executive Directors

Mr. WONG Kam Fat Tony ("**Mr. Wong**") *(Vice-Chairman) (Note 2)*
Mr. WU Ling

Independent non-executive Directors

Mr. LAM Ka Wai Graham ("**Mr. Lam**") *(Note 1)*
Mr. NG Kay Kwok
Mr. TAM B Ray Billy

Notes:

1. Mr. Lam has tendered his resignation with effect from 11 April 2014 due to his other business commitments. Upon Mr. Lam's resignation, he also ceased to be the chairman of the Remuneration Committee and member of each of the Audit Committee and Nomination Committee of the Company with effect from 11 April 2014.

   Following the resignation of Mr. Lam, the Company does not comply with Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules which were explained below:

   (i) The number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules;

   (ii) The number of members of the Audit Committee of the Company falls below the minimum number required under Rule 3.21 of the Listing Rules; and

   (iii) There is a vacancy for chairman of the Remuneration Committee of the Company which does not fulfil the requirement under Rule 3.25 of the Listing Rules.

   In order to comply with the requirement under Rule 3.25 of the Listing Rules, on 20 June 2014, Mr. TAM B Ray Billy, the independent non-executive Director has been appointed as chairman of the Remuneration Committee of the Company. For the details of the appointment, please refer to the announcement of the Company dated 20 June 2014.

   The Company is endeavouring to identify a suitable candidate to fill up the abovementioned vacancies as soon as practicable and within three months as required under Rules 3.11, 3.23 and 3.27 of the Listing Rules. The Company will make further announcement(s) as and when appropriate.

2. Mr. Zhang has tendered his resignation as executive Director, the chairman of the Board and member of the Remuneration Committee with effect from 1 July 2014 due to his other personal commitment. Mr. Wong, the non-executive Director, will be redesignated from non-executive Director to executive Director and from vice-chairman to the chairman of the Board, and appointed as member of the Remuneration Committee in place of Mr. Zhang with effect from 1 July 2014. For the details of the resignation and redesignation, please refer to the announcement of the Company dated 20 June 2014.

In accordance with article 99 of the articles of association of the Company (the "**Articles of Association**"), any Director so appointed by the Board shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to their number) and shall then be eligible for re-election at that meeting.

In accordance with article 116 of the Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. WONG Kam Fat Tony, shall retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting, and Mr. XIA Yingyan, Mr. WU Ling and Mr. TAM B Ray Billy shall retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 10 to 12 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into service contracts or letters of appointment with each of the Directors for a specific term of one year, subject to renewal provisions therein and retirement by rotation and re-election at annual general meetings of the Company. Apart from the foregoing, none of the Directors proposed for re-election at the forthcoming annual general meeting has service contracts or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2014, the interests and short positions of each of the Directors or chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares and underlying shares of the Company:

Name of Director	Capacity	Interest in Shares	Interest in underlying shares	Approximate percentage of the issued share capital of the Company
WONG Kam Fat Tony ("**Mr. Wong**") *(Note 1)*	Interest of controlled corporations	800,000,000	–	23.40%
XIA Yingyan ("**Mr. Xia**") *(Note 1)*	Interest of controlled corporations	800,000,000	–	23.40%

Note:

1. Mr. Wong is the vice-chairman and a non-executive Director whereas Mr. Xia is an executive Director. Jadehero, a company incorporated in the British Virgin Islands with limited liability, beneficially held 800,000,000 Shares as at 31 March 2014. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong is the sole beneficial owner of the entire equity interest in Marvel Steed Limited whereas Mr. Xia is the sole beneficial owner of the entire equity interest in Southlead Limited.

Save as disclosed above, as at 31 March 2014, none of the Directors nor the chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors and the chief executive of the Company, their respective spouse or minor children (natural or adopted) to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the interests of Directors in the business which compete or is likely to compete either directly or indirectly, with business of the Group ("**Competing Business**") as required to be disclosed pursuant to the Listing Rules was as follows:

Interests in Competing Business

Name of Director	Name of company	Description of business of the Company	Nature of interest
LAM Ka Wai Graham ("**Mr. Lam**") *(Note 1)* (Independent non-executive Director)	Gram Capital Limited	Corporate Finance	managing director and sole shareholder

Note:

1. Mr. Lam resigned all his offices in the Company on 11 April 2014.

Save as disclosed above, none of the Directors was interested in any business apart from the Group's business which compete or is likely to complete, either directly or indirectly, with business of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2014, as far as is known to the Directors, the following persons (other than a Director or a chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares and underlying shares of the Company:

Name of Shareholder(s)	Capacity	Interest in Shares	Interest in underlying shares	Total interest in shares	Approximate percentage to the issued share capital of the Company as at 31 March 2014
Jadehero *(Note 1)*	Beneficial owner	800,000,000	–	800,000,000	23.40%
Southlead Limited *(Note 1)*	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Marvel Steed Limited *(Note 1)*	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Mankind Investment Limited ("**MIL**") *(Note 2)*	Beneficial owner	500,000,000	–	500,000,000	14.63%
China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
Well Kent International Investment Company Limited ("**Well Kent**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
China Cinda Asset Management Co., Limited ("**China Cinda Asset**") *(Note 2)*	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
One Express Group Limited ("**One Express**") *(Note 3)*	Beneficial owner	–	320,000,000	320,000,000	9.36%
CR Investment Group Limited ("**CR Investment**") *(Note 3)*	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
PME Group Limited ("**PME Group**") *(Note 3)*	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
Chinese Strategic Holdings Limited (formerly known as China Railway Logistics Limited) ("**Chinese Strategic**") *(Note 4)*	Interest of controlled corporation	310,738,000	–	310,738,000	9.09%
Right Magic Limited ("**Right Magic**") *(Note 4)*	Beneficial owner	263,738,000	–	263,738,000	7.71%
SHI Zhi Jun ("**Mr. Shi**") *(Note 5)*	Interest of controlled corporation	–	201,923,075	201,923,075	5.90%
Kaiser Capital Holdings Limited ("**Kaiser Capital**") *(Note 5)*	Interest of controlled corporation	–	201,923,075	201,923,075	5.90%
Credit China Holdings Limited ("**Credit China**") *(Note 5)*	Interest of controlled corporation	–	201,923,075	201,923,075	5.90%
Ever Step Holdings Limited ("**Ever Step**") *(Note 5)*	Beneficial owner	–	201,923,075	201,923,075	5.90%
SO Chi Yuk	Beneficial owner	200,000,000	–	200,000,000	5.85%

Notes:

1. As at 31 March 2014, Jadehero beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited which is wholly-owned by Mr. Wong and as to 80% by Southlead Limited which is wholly-owned by Mr. Xia. Each of Mr. Wong and Mr. Xia is a Director.

2. As at 31 March 2014, MIL beneficially held 500,000,000 Shares. MIL is wholly-owned by China Cinda (HK) which is turn wholly-owned by Well Kent. Well Kent is wholly-owned by China Cinda Asset. For the purpose of SFO, China Cinda (HK), Well Kent and China Cinda Asset are deemed or taken to be interested in the Shares held by MIL.

3. As at 31 March 2014, One Express was the subscriber of the 5% coupon convertible loan note issued by the Company in the aggregate principal of HK$32,000,000 due 29 February 2016 with an initial conversion price of HK$0.1 per conversion Share (subject to adjustment) which can be converted into 320,000,000 conversion Shares upon full conversion at the initial conversion price. One Express is wholly-owned by CR Investment which in turn is wholly-owned by PME Group. For the purpose of SFO, One Express, CR Investment and PME Group are deemed or taken to be interested in the said 320,000,000 conversion Shares.

4. As at 31 March 2014, Right Magic, Sure Venture Investment Limited and Excel Return Enterprise Limited beneficially held 263,738,000 Shares, 40,000,000 Shares and 7,000,000 Shares respectively. Right Magic, Sure Venture Investment Limited and Excel Return Enterprise Limited are all indirect wholly-owned subsidiaries of Chinese Strategic. For the purpose of SFO, Chinese Strategic is deemed or taken to be interested in the Shares held by Right Magic, Sure Venture Investment Limited and Excel Return Enterprises Limited.

5. As at 31 March 2014, Ever Step was the subscriber of the 12% coupon convertible loan note issued by the Company in the aggregate principal of HK$40,384,615 due 29 November 2014 with an initial conversion price of HK$0.2 per conversion Share (subject to adjustment) which can be converted into 201,923,075 conversion Shares upon full conversion at the initial conversion price. Ever Step is a direct wholly-owned subsidiary of Credit China which is in turn owned by Kaiser Capital as to 34%. Mr. Shi is the sole beneficial owner of the entire equity interest of Kaiser Capital. For the purpose of SFO, Credit China, Kaiser Capital and Mr. Shi are deemed or taken to be interested in the said 201,923,075 conversion Shares.

Save as disclosed above, and as at 31 March 2014, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CONNECTED TRANSACTIONS

The related party transactions are set out in note 40 to the consolidated financial statements. The related party transactions are either connected transactions or continuing connected transactions fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, turnover attributable to the 5 largest customers of the Group accounted for less than 30% of the Group's total turnover for the year ended 31 March 2014.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefit scheme of the Group and the employer's retirement benefit costs charged to the profit or loss for the year are set out in note 41 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as the Placing disclosed in the paragraph headed "**Capital Structure**" in the section headed "**Management Discussion and Analysis**" of this annual report, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE REPORT

The Company's corporate governance codes are set out in the Corporate Governance Report on pages 24 to 39 of this annual report.

EVENT AFTER THE REPORTING PERIOD

Provision of financial assistance

On 4 April 2014, a loan agreement ("**Loan Agreement**") was entered into between Fortune Finance Limited ("**Fortune Finance**"), an indirect wholly-owned subsidiary of the Company as lender, Zhongyue Group Limited (a third party independent of, and not connected with the Group, hereinafter the "**Borrower**") and certain guarantors, pursuant to which, Fortune Finance agreed to provide the loan (the "**Loan**") in an aggregate principal amount of up to HK$40,000,000, consisting of two tranches of HK$20,000,000 each, to the Borrower for a term of 180 days from and excluding the relevant date(s) of drawdown ("**Drawdown Date**") of each tranche of the Loan. The interest rate is 16.5% per annum accrued from the Drawdown Date of the relevant tranche of the Loan on a monthly basis. The Loan was secured by certain listed securities owned by the Borrower and a charge on the securities account in the name of the Borrower.

Pursuant to the Loan Agreement, the drawdown notice of the first tranche of the Loan (if any) must be submitted to Fortune Finance by the Borrower within ten business days from the date of the Loan Agreement, and the drawdown notice of the second tranche of the Loan (if any) must be submitted to Fortune Finance by the Borrower within twenty-five business days from the date of the Loan Agreement.

As the Borrower has not submitted any drawdown notice to Fortune Finance within the specified periods in accordance with the Loan Agreement, no advance of any tranche of the Loan had been made to the Borrower, and the Loan lapsed accordingly.

Fortune Finance is a money lender licenced in Hong Kong under the provisions of the Money Lender Ordinance (Chapter 163 of the Laws of Hong Kong).

For the details of the Loan Agreement and relevant transactions, please refer to the announcement of the Company dated 4 April 2014.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the "**Audit Committee**") comprises two independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee) and Mr. TAM B Ray Billy.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Company for the year ended 31 March 2014.

AUDITOR

The financial statements for the year ended 31 March 2014 have been audited by SHINEWING (HK) CPA Limited. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as the auditor of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

NG Cheuk Fan Keith
Managing Director

Hong Kong, 20 June 2014

CORPORATE GOVERNANCE REPORT

The Company's commitment to the highest standards of corporate governance is driven by the Board of Directors who, led by the chairman, assume overall responsibility for the governance of the Company, taking into account the interests of the Shareholders, the development of its business, and the changing external environment.

The Company believes that good corporate governance is fundamental in ensuring that the Company is well managed in the interests of all of its Shareholders.

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

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year ended 31 March 2014

The Company has complied with all code provisions and, where appropriate, met the recommended best practices in the CG Code, save as disclosed below. This report describes the Company's corporate governance practice and explains its application.

NON-COMPLIANCE WITH RULES 3.10, 3.10A, 3.21 AND 3.25 OF THE LISTING RULES

Up to the date of this report

Mr. LAM Ka Wai Graham ("**Mr. Lam**"), independent non-executive Director of the Company, has tendered his resignation with effect from 11 April 2014 due to his other business commitments. Upon Mr. Lam's resignation, he also ceased to be the chairman of the Remuneration Committee of the Company and member of each of the Audit Committee and Nomination Committee of the Company with effect from 11 April 2014.

Following the resignation of Mr. Lam: (i) the number of the independent non-executive Directors falls below the minimum number required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the number of members of the Audit Committee of the Company falls below the minimum number required under Rule 3.21 of the Listing Rules; and (iii) there is a vacancy for chairman of the Remuneration Committee of the Company which does not fulfil the requirement under Rule 3.25 of the Listing Rules.

In order to comply with the requirement under Rule 3.25 of the Listing Rules, on 20 June 2014, Mr. TAM B Ray Billy, the independent non-executive Director has been appointed as chairman of the Remuneration Committee of the Company. For the details of the appointment, please refer to the announcement of the Company dated 20 June 2014.

The Company is endeavouring to identify a suitable candidate to fill up the abovementioned vacancies as soon as practicable and within three months as required under Rules 3.11, 3.23 and 3.27 of the Listing Rules. The Company will make further announcement(s) as and when appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transaction. Confirmation has been received from all Directors that they have complied with the required standards set out in the Model Code throughout the year ended 31 March 2014.

BOARD OF DIRECTORS

Composition of the Board, number of Board meetings, Board Committees meetings, Annual General Meeting and Directors' attendance

The Board has a balance of skills and experience and a balanced composition of executive, non-executive and independent non-executive Directors. Save as disclosed above, throughout the year, the Board is comprised of nine members, including four executive Directors, two non-executive Directors and three independent non-executive Directors. Five Board meetings were held during the financial year ended 31 March 2014.

Board Diversity Policy

The Company has had a longstanding policy of diversity in board appointments as reflected in the current composition of the Board which is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

The Board formally adopted a Board Diversity Policy ("**Policy**") in August 2013 which seeks to record, more formally, the Company's policy on board diversity and to recognise the terms of the relevant new code provision of the CG Code which came into effect on 1 September 2013.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of factors, including but not limited to gender, age, regional, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In informing its perspective on diversity, the Company will also take into account factors based on its own business model and specific needs from time to time. Board appointments will continue to be made on a merit basis, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. The measurable objectives of this Policy are:

(a) Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, regional, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and

(b) The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee of the Company (the "**Nomination Committee**") will from time to time review this Policy, as appropriate, to ensure its continued effectiveness. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee will monitor the implementation of this Policy and will report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives.

The Nomination Committee believes that the approach of review of the Policy may take the form of an analysis of the Board in the different aspects of diversity as set out above having regard to the sustainable development of the Company, supplemented with Shareholders' feedback on the diversity of the Board and its overall effectiveness in promoting Shareholders' interests.

The composition of the Board, Board meetings, Board Committees meetings, Annual General Meeting and attendance of the Directors are set out below:

Directors	**Board Meetings** *(Note 1)*	**Remuneration Committee Meetings**	**Audit Committee Meetings**	**Nomination Committee Meetings**	**Annual General Meeting Held on 2 August 2013**
Executive Directors					
ZHANG Min *(Chairman)*	5/5	1/1	N/A	N/A	1/1
NG Cheuk Fan Keith *(Managing Director)*	4/4	1/1	N/A	1/1	1/1
HON Chun Yu	3/4	N/A	N/A	N/A	1/1
XIA Yingyan	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
WONG Kam Fat Tony *(Vice-chairman)*	5/5	N/A	N/A	N/A	1/1
WU Ling *(Note 2)*	4/5	N/A	N/A	N/A	0/1
Independent non-executive Directors					
NG Kay Kwok *(Note 3)*	5/5	2/2	2/2	1/1	1/1
LAM Ka Wai Graham *(Note 4)*	5/5	2/2	2/2	1/1	1/1
TAM B Ray Billy *(Note 5)*	5/5	2/2	2/2	1/1	1/1

Notes:

1 Included a Board meeting where the chairman met independent and other non-executive Directors without the executive Directors present.

2 Code provision A6.7 which provides that an independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. WU Ling, who was the non-executive Director of the Company, did not attend the annual general meeting in 2013 as he was abroad.

3 Mr. NG Kay Kwok is the chairman of Audit Committee.

4 Mr. LAM Ka Wai Graham has resigned all his offices in the Company on 11 April 2014, He was an independent non-executive Director of the Company and the chairman of Remuneration Committee.

5 Mr. TAM B Ray Billy is the chairman of Nomination Committee. He is also the chairman of Remuneration Committee appointed on 20 June 2014.

The biographical details of all Directors are set out in the section headed "**Biographical Details of Directors**" of this annual report. Save as disclosed in the aforesaid, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Save as disclosed in the aforesaid, throughout the year ended 31 March 2014 to comply with Rule 3.10 of the Listing Rules, the Company has appointed three independent non-executive Directors whom the Company considers to have appropriate professional qualifications or accounting or related financial management experience and qualifications to carry out their duties. The Company has received from each of the independent non-executive Director an annual confirmation of his independence as required under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

Operation of the Board

The Board is circulated with relevant information pertaining to matters to be brought before the Board for decision. A 14 days minimum notice is also given to the Directors before each Board meeting. Board papers are dispatched to the Directors at least 3 days before the meeting.

The Directors who are considered to be in a position of having a conflict of interest or material interests in the proposed transactions or issues to be discussed are not counted in the quorum of meeting and are to abstain from voting on the relevant resolutions. He has to declare his interests therein in accordance with the Articles of Association of the Company.

The Company Secretary maintains the minutes of the Board meetings for inspection by Directors.

All Directors have accessed to the services of the Company Secretary who regularly updates the Board on corporate governance and regulatory matters. Any Director, audit committee member, nomination committee member and remuneration committee member of the Company may take independent professional advice at the expense of the Company should they so wish.

There is a clear division of responsibilities between the Board and the management of the Company (the "**Management**"). Decisions on important matters are specifically reserved to the Board while decisions on the Group's general operations are delegated to the Management. Important matters including but not limited to those affecting the Group's strategic policies, major acquisitions and disposals, annual budgets, approving annual and interim results, and other significant operational and financial matters.

The non-executive Directors exercise their independent judgement and advise on the future business direction and strategic plans of the Group. The independent non-executive Directors review the financial information and operational performance of the Group on a regular basis. The independent non-executive Directors are invited to serve on the Board Committees of the Company.

Every Director has hands-on knowledge and expertise in the areas and operation in which he is charged with. Appropriate attention to the affairs of the Group is measured in terms of time as well as the quality of such attention and the ability of the Directors to contribute with reference to his necessary knowledge and expertise.

Directors' commitments

Each Director discloses to the Company at the time of his appointment, the number and nature of offices held in public companies or organisations and other significant commitments with the identity of the public companies or organisations and an indication of relevant time commitment. Directors are also reminded to notify the Company Secretary in a timely manner and bi-annually confirm to the Company Secretary any change of such information. In respect of those Directors who stand for re-election at the forthcoming annual general meeting, all of their directorships held in listed public companies in the past three years are set out in the notice of the annual general meeting.

The Company has adopted the Model Code under the Listing Rules, for all employees of the Group regarding dealings in securities issued by the Group and its associated companies.

The Company has established a policy on handling of confidential and inside information, and securities dealing for all employees of the Group to comply with when they are in possession of confidential or unpublished inside information in relation to the Group. A revised policy on handling of confidential information, inside information, information disclosure, and securities dealing has been adopted by the Company to comply with the requirements set out in Part XIVA of the Securities and Futures Ordinance effective from 1 January 2013.

Director induction and continuous professional development

Newly appointed Directors receive briefings and orientation on their legal and other responsibilities as a Director and the role of the Board. The Company has also provided appropriate information in a timely manner to the Directors to enable them to make an informed decision and to discharge their duties and responsibilities as Directors of the Group.

Information package comprising the latest developments in laws, rules and regulations relating to the duties and responsibilities of directors will be forwarded to each Director from time to time for his/her information and ready reference. Guidelines for directors published by the Companies Registry of Hong Kong and The Hong Kong Institute of Directors (the "**HKIOD**"), and Guideline for Independent Non-Executive Directors published by HKIOD have also been forwarded to each Director for his information and ready reference.

In addition, the Company has from time to time provided information and briefings to Directors on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had also, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as directors.

During the year under review, the Directors had provided to the Company their records of continuous professional development and the training records were maintained by the Company Secretary.

During the year, Directors have also participated in continuous professional training organised by professional bodies and/or government authorities.

The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(1) Reading memoranda issued or materials provided from time to time by the Group to Directors, and as applicable, briefings and reports by the Company Secretary, as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties with the latest developments in public consultations, laws, rules and regulations relating to the duties and responsibilities of directors and corporate governance;

(2) Participation in continuous professional training seminars/conferences/courses/workshops on subjects relating to directors' duties and corporate governance, etc. organised by professional bodies and/or government authorities; and

(3) Reading news/journal/magazine/other reading materials as regards legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the records of training maintained by the Company Secretary, during the year under review, all the Directors pursued continuous professional development and relevant details are set out below:

Members of the Board	Training received
Executive Directors	
ZHANG Min	(1) & (3)
NG Cheuk Fan Keith	(1), (2) & (3)
HON Chun Yu	(1) & (3)
XIA Yingyan	(1) & (3)
Non-executive Directors	
WONG Kam Fat Tony	(1) & (3)
WU Ling	(1) & (3)
Independent non-executive Directors	
LAM Ka Wai Graham (Resigned all his offices in the Company on 11 April 2014)	(1), (2) & (3)
NG Kay Kwok	(1) & (3)
TAM B Ray Billy	(1), (2) & (3)

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers.

CHAIRMAN AND CHIEF EXECUTIVE

As at 31 March 2014, Mr. ZHANG Min was re-designated as executive Director and was appointed as chairman of the Company on 12 April 2011, Mr. WONG Kam Fat Tony resigned as chairman of the Company and appointed as vice-chairman of the Company on 12 April 2011 and Mr. NG Cheuk Fan Keith was appointed as the managing Director of the Company in December 2007. The Company does not have a designated position of "**Chief Executive**". The daily operation and management of the Company is monitored by the executive Directors. The Board is of the view that the managing Director fulfilled the same function as Chief Executive.

The key role of the chairman is to provide leadership to the Board. In performing his duties, the chairman shall ensure that the Board functions effectively in the discharge of its responsibilities. The chairman also has the responsibility of taking the lead to ensure that the Board acts in the best interests of the Company and the Group.

The duty of managing Director is to work closely with audit committee, the nomination committee as well as the remuneration committee of the Company and to ensure that all key and appropriate issues are discussed by the Board in a timely and constructive manner. He is responsible for general management of the Group. In addition, he is responsible to work closely with other executive Directors to ensure management strategies, plans and performance of the Group are appropriately represented to the Board and to provide guidance to the Board on major issues. The division of responsibilities between the chairman and the Chief Executive (managing Director) has been clearly established and set out in writing.

NON-EXECUTIVE DIRECTORS

During the year under review, each of the non-executive Director and independent non-executive Directors has entered into letter of appointment with the Company for a term of one year and all are subject to retirement by rotation pursuant to the Articles of Association of the Company.

BOARD COMMITTEES

The terms of reference of all Board Committees are disclosed in full on both the websites of the Company and the Stock Exchange.

Remuneration of Directors

The remuneration committee of the Company (the "**Remuneration Committee**") was established in October 2005. Throughout the year ended 31 March 2014, the Remuneration Committee comprises three independent non-executive Directors, namely Mr. LAM Ka Wai Graham (chairman of the Remuneration Committee, resigned all his offices in the Company on 11 April 2014), Mr. NG Kay Kwok, Mr. TAM B Ray Billy (chairman of the Remuneration Committee, appointed on 20 June 2014) and Mr. ZHANG Min, the chairman of the Company. The terms of reference of the Remuneration Committee was revised with effect from 29 February 2012 and are aligned with the provision set out in the CG Code. The main duties of the Remuneration Committee include:

(a) to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Group;

(f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive for the Company;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year under review, the Remuneration Committee held two meetings and significant matters discussed are summarized as follows:

– to review the remuneration package of all Directors and senior management; and

– to recommend the remuneration package of the newly appointed Directors to the Board for approval.

Nomination of Directors

The Nomination Committee was established in December 2007. Throughout the year ended 31 March 2014, the Nomination Committee comprises three independent non-executive Directors, namely Mr. TAM B Ray Billy (chairman of the Nomination Committee), Mr. LAM Ka Wai Graham (resigned all his offices in the Company on 11 April 2014), Mr. NG Kay Kwok and Mr. NG Cheuk Fan Keith, the managing Director of the Company. It adopts the recommended terms of reference set out in the CG Code and was revised with effect from 29 February 2012. The main duties of the Nomination Committee include:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for directors, in particular the chairman and the chief executive.

The Nomination Committee identifies and nominates qualified individual to the Board for consideration. All newly appointed Directors are subject to re-election by the Shareholders at the annual general meeting (the "**AGM**") or at the next following general meeting of the Company immediately following his or her appointment pursuant to the Articles of Association. In considering the new appointment or re-nomination of Directors, the Nomination Committee will focus their decisions based on attributes such as integrity, industry experience and professional and technical skills together with the ability to contribute time and afford to carry out their duties effectively and responsibly.

During the year under review, the Nomination Committee held one meeting and has duly discharged the duties mentioned above.

Audit Committee

The audit committee of the Company (the "**Audit Committee**") was established in April 2001 and comprises three independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. LAM Ka Wai Graham (resigned all his office in the Company on 11 April 2014, and Mr. TAM B Ray Billy. The terms of reference of the Audit Committee was revised with effect from 29 February 2012 and are aligned with the provision set out in the CG Code. The main duties of the Audit Committee include:

Relationship with the Company's auditors

(a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to discuss with the auditors the nature and scope of the audit and reporting obligations before the audit commences;

(d) to develop and implement policy on engaging of an external auditor to supply non-audit services. For this purpose, "**external auditor**" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

(e) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;

(f) in reviewing these reports mentioned in paragraph (e) before submission to the Board, focusing particularly on:

  (i) any changes in accounting policies and practices;

  (ii) major judgmental areas;

  (iii) significant adjustments resulting from the audit;

  (iv) the going concern assumption and any qualifications;

  (v) compliance with accounting standards; and

  (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(g) regarding (e) and (f) above:

  (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditors; and

  (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system and internal control procedures

(h) to review the Company's financial controls, internal control and risk management systems;

(i) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(j) to consider major investigation findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(k) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(l) to review the Group's financial and accounting policies and practices;

(m) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(n) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow–up action;

(p) to act as the key representative body for overseeing the Company's relations with the external auditor;

(q) to report to the Board on the matters set out above; and

(r) to consider other matters, as defined or assigned by the Board from time to time.

During the year under review, the Audit Committee held two meetings to consider and approve the following:

(a) to review of the half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Audit Committee;

(b) to discuss the effectiveness of the internal controls system throughout the Group, including financial, operational and compliance controls, and risk management;

(c) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and

(d) to discuss the whistleblowing policy throughout the Group.

Corporate Governance functions

The Board is responsible for determining the policy for the corporate governance of the Company. During the year under review, the Board developed and reviewed the Company's policies and practices on corporate governance and made recommendations.

AUDITOR'S REMUNERATION

The Group's independent auditor is SHINEWING (HK) CPA Limited ("**SHINEWING**"). The Audit Committee is responsible for considering the appointment of the auditor and also reviews any non-audit functions performed by the auditor for the Group. In particular, the Audit Committee will consider, in advance of them being contracted for and performed, whether such non-audit functions could lead to any potential material conflict of interest. For the year ended 31 March 2014, the auditor's remuneration paid or payable in respect of the audit and other non-audit services provided to the Group by SHINEWING were as follows:

	HK$
Audit services	800,000
Non-audit services	
– Interim review	120,000

Auditor's responsibilities for financial statements

The reporting responsibilities of the SHINEWING to the Shareholders are set out in the Independent Auditors' Report on pages 40 and 41.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for the financial year ended 31 March 2014 which give a true and fair view of the affairs of the Group and of the Group's results and cash flow and in compliance with relevant laws and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 March 2014, the Directors have selected appropriate accounting policies and applied them consistently; made prudent and reasonable judgments and estimates; and have prepared the financial statements on a going concern basis.

COMPANY SECRETARY

All Directors have access to the advice and services of the Company Secretary, Mr. CAI Chun Fai ("**Mr. Cai**"), who is an employee of the Group. The Company Secretary reports to the chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with Shareholders and management. During the period under review, the Company Secretary undertook over 15 hours of professional training to update his skills and knowledge. On 14 April 2014, Mr. Cai has resigned as the Company Secretary and has ceased to act as an Authorised Representative of the Company, and Ms. HAU Po Ping has been appointed as the Company Secretary and an Authorised Representative of the Company.

SHAREHOLDERS' RIGHTS

The Board gives high priority to balanced, clear, and transparent communications which allow Shareholders and investors to understand the Group's prospects and the market environment in which it operates. The Company engages with Shareholders and investors in a number of different ways to help ensure that their views and concerns are understood and addressed in a constructive way.

In March 2012, the Board has established a Shareholders communication policy and a Shareholders' guide are in place to ensure that Shareholders are provided with ready, equal, and timely access to balanced and understandable information about the Group. The policy is regularly reviewed to ensure its effectiveness and is posted on the Group's website.

The Group's website has become the primary method of communication with the majority of Shareholders. The investor relations section of the website is kept under regular review to ensure that information relevant to Shareholders is provided in an accurate and timely manner.

The particulars of Shareholders' rights relating to, inter alia, putting forward proposals at Shareholders' meetings, convening of extraordinary general meetings and making enquiries to the Group are as follows:–

Proposing a candidate for election as a Director at the general meetings of the Company

Pursuant to Article 120 of the Company's Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the registration office. The minimum length of the period during which such notices are given shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

To include a resolution relating to other matters in a general meeting, Shareholders are requested to follow the requirements and procedures as set out in the investor relations section of the Company's website.

Convening of extraordinary general meeting of the Company

Pursuant to Article 72 of the Company's Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Enquiries to the Board

The Board is grateful to Shareholders and other stakeholders for their views, and welcomes their questions and concerns raised in relation to the management and governance of the Group.

Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by addressing them to Company Secretary by post to the Company, 35/F., Office Tower, Convention Plaza, Wanchai, Hong Kong or by email to info@290.com.hk

INTERNAL CONTROLS

The Board acknowledges its responsibilities for the Group's internal control system and has reviewed regularly its effectiveness to ensure that all internal control measures are in place to safeguard the Group's assets and to comply with relevant regulations and best practices. The Company had complied satisfactorily with the requirements of the CG Code in respect of the internal controls.

INVESTOR RELATIONS

Constitutional Documents

The Company's Memorandum and Articles of Association (in both English and Chinese) is available on both the websites of the Company and the Stock Exchange. During the year under review, there is no change to the Company's Memorandum and Articles of Association.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company continues to pursue a proactive policy of promoting investor relations and communication by maintaining regular meetings with institutional Shareholders, fund managers and analysts through different means including meetings, presentations and correspondence. In an effort to enhance communications with the Shareholders and investors, the Company maintains a website (www.290.com.hk) to disseminate information relating to the latest business developments and all corporate announcements.

The AGM is a valuable forum for the Board to communicate directly with the Shareholders. An AGM circular was distributed to all Shareholders at least 20 clear business days prior to the AGM held on 2 August 2013 (the "**2013 AGM**"), setting out the details of each proposed resolution and other relevant information. Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. Shareholders have the opportunity to participate effectively and vote in general meetings and are informed of the rules, including voting procedures, that govern general meeting.

The 2013 AGM of the Company was held in the 35/F., Office Tower, Convention Plaza, Wanchai, Hong Kong. The chairman of the Board and the chairmen of Board Committees, accompanied by other Directors, attended the 2013 AGM. Please refer to the table set out on pages 26 and 27 for the details of attendance of the Directors in the 2013 AGM. The external auditors of the Company, SHINEWING, attended the 2013 AGM, during which was available to answer questions raised by the Shareholders.

INDEPENDENT AUDITOR'S REPORT

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHINA FORTUNE FINANCIAL GROUP LIMITED
中國富強金融集團有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Fortune Financial Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 42 to 135, which comprise the consolidated statement of financial position as at 31 March 2014, 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 our agreed terms of engagement 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chong Kwok Shing
Practising Certificate Number: P05139

Hong Kong
20 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000 (Restated)
Continuing operations			
Turnover	7	**51,140**	46,810
Cost of securities brokerage and margin financing		**(4,276)**	(2,938)
Other revenue	9	**2,590**	3,632
Depreciation		**(5,905)**	(5,909)
Salaries and allowances		**(45,016)**	(43,980)
Reversal of impairment loss recognised in respect of trade receivables	26	**39,550**	10,924
Change in fair value of financial assets designated as at fair value through profit or loss	37	**–**	3,716
Change in fair value of derivative component of convertible loan notes		**(3,462)**	4,975
Gain on disposal of subsidiaries	39	**347**	430
Impairment loss recognised in respect of trade receivables	26	**(4,653)**	(39,817)
Impairment loss recognised in respect of interests in joint ventures		**(7,044)**	–
Other operating and administrative expenses		**(36,889)**	(41,160)
Share of profits of associates		**11,488**	2,428
Share of profits of joint ventures		**289**	1,094
Finance costs	10	**(13,750)**	(12,158)
Loss before tax	11	**(15,591)**	(71,953)
Income tax expense	12	**(32)**	–
Loss for the year from continuing operations		**(15,623)**	(71,953)
Discontinued operation			
Profit for the period from discontinued operation	15	**–**	2,587
Loss for the year		**(15,623)**	(69,366)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**19**	572
Share of other comprehensive income of associates		**676**	152
Share of other comprehensive income of joint ventures		**–**	52
Reclassification adjustments for the cumulative exchange gains included in profit or loss upon disposal of foreign subsidiaries		**–**	(391)
Other comprehensive income for the year		**695**	385
Total comprehensive expense for the year		**(14,928)**	(68,981)
Loss for the year attributable to:			
Owners of the Company		**(15,254)**	(69,002)
Non-controlling interests		**(369)**	(364)
		(15,623)	(69,366)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(14,563)**	(68,619)
Non-controlling interests		**(365)**	(362)
		(14,928)	(68,981)
		HK cent	HK cents
Loss per share	16		
From continuing and discontinued operations			
Basic and diluted		**(0.46)**	(2.18)
From continuing operations			
Basic and diluted		**(0.46)**	(2.26)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Plant and equipment	17	**3,604**	9,482
Intangible assets	18	**–**	–
Club membership debentures	19	**6,610**	6,610
Other non-current assets	20	**230**	230
Goodwill	21	**3,994**	3,994
Available-for-sale financial assets	22	**–**	8
Interests in associates	23	**85,048**	14,183
Interests in joint ventures	24	**2,919**	9,384
Deposits	29	**–**	3,345
		102,405	47,236
Current assets			
Amount due from an associate	23	**–**	58,403
Amounts due from joint ventures	24	**73,000**	70,000
Investments held for trading	25	**22,464**	22,842
Trade receivables	26	**119,447**	153,096
Loan receivables	27	**33,476**	29,448
Amount due from an investee company	28	**–**	–
Other receivables, deposits and prepayments	29	**6,848**	2,429
Derivative component of convertible loan notes	34	**3,359**	6,821
Amount due from a non-controlling shareholder of a subsidiary	30	**125**	125
Bank balances and cash – trust	31	**119,354**	60,596
Bank balances and cash – general	31	**87,011**	43,535
		465,084	447,295

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Current liabilities			
Trade payables, other payables and accruals	32	**140,195**	74,637
Bank and other borrowings	33	**–**	52,954
Convertible loan notes	34	**41,242**	–
Tax payable		**720**	720
		182,157	128,311
Net current assets		**282,927**	318,984
Total assets less current liabilities		**385,332**	366,220
Capital and reserves			
Share capital	35	**341,839**	316,609
Reserves		**(32,186)**	(17,623)
Equity attributable to owners of the Company		**309,653**	298,986
Non-controlling interests		**(361)**	4
Total equity		**309,292**	298,990
Non-current liabilities			
Corporate bonds	36	**47,766**	–
Convertible loan notes	34	**28,274**	67,230
		76,040	67,230
		385,332	366,220

The consolidated financial statements on pages 42 to 135 were approved and authorised for issue by the Board on 20 June 2014 and are signed on its behalf by:

ZHANG Min
Director

NG Cheuk Fan Keith
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Group										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible loan notes equity reserve HK$'000 (Note d)	Special reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	316,609	431,725	32	13,683	13,524	1,863	–	(417,534)	359,902	720	360,622
Loss for the year	–	–	–	–	–	–	–	(69,002)	(69,002)	(364)	(69,366)
Other comprehensive income (expense) for the year:											
Exchange differences arising on translation of foreign operations	–	–	570	–	–	–	–	–	570	2	572
Share of other comprehensive income of associates	–	–	152	–	–	–	–	–	152	–	152
Share of other comprehensive income of joint ventures	–	–	52	–	–	–	–	–	52	–	52
Reclassification adjustments for the cumulative gains included in profit or loss upon disposal of foreign subsidiaries	–	–	(391)	–	–	–	–	–	(391)	–	(391)
Total comprehensive income (expense) for the year	–	–	383	–	–	–	–	(69,002)	(68,619)	(362)	(68,981)
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	249	249
Recognition of equity component of convertible loan notes (note 34)	–	–	–	10,018	–	–	–	–	10,018	–	10,018
Lapse of conversion option of convertible loan notes (note 34)	–	–	–	(6,597)	–	–	–	6,597	–	–	–
Acquisition of non-controlling interests of subsidiaries (note c)	–	–	–	–	–	–	(2,315)	–	(2,315)	(603)	(2,918)
At 31 March 2013	316,609	431,725	415	17,104	13,524	1,863	(2,315)	(479,939)	298,986	4	298,990

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Attributable to owners of the Group										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible loan notes equity reserve HK$'000 (Note d)	Special reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Other reserve HK$'000 (Note c)	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2013	316,609	431,725	415	17,104	13,524	1,863	(2,315)	(479,939)	298,986	4	298,990
Loss for the year	–	–	–	–	–	–	–	(15,254)	(15,254)	(369)	(15,623)
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	–	–	15	–	–	–	–	–	15	4	19
Share of other comprehensive income of associates	–	–	676	–	–	–	–	–	676	–	676
Total comprehensive income (expense) for the year	–	–	691	–	–	–	–	(15,254)	(14,563)	(365)	(14,928)
Issue of shares upon placing	25,230	–	–	–	–	–	–	–	25,230	–	25,230
At 31 March 2014	341,839	431,725	1,106	17,104	13,524	1,863	(2,315)	(495,193)	309,653	(361)	309,292

Notes:

(a) The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation of the Group.

(b) The capital reserve represents the contributions made by the controlling shareholder under the corporate reorganisation of the Group.

(c)(i) On 18 May 2012, the Group further acquired 20% equity interest in Fortune Financial Capital Limited ("**Fortune Financial Capital**") at a cash consideration of HK$1,793,000. After the acquisition, the Group holds entire equity interest of Fortune Financial Capital. Fortune Financial Capital is principally engaged in provision of corporate finance service.

(c)(ii) On 10 January 2013, the Group further acquired 25% equity interest in Fortune Wealth Management Limited ("**Fortune Wealth**") at a cash consideration of HK$1,125,000. After the acquisition, the Group holds entire equity interest of Fortune Wealth. Fortune Wealth is principally engaged in sales of long-term and general insurance products.

(d) During the year ended 31 March 2013, conversion option of a convertible loan note approximately HK$6,597,000 was lapsed upon expiry of exercise period.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss for the year	**(15,623)**	(69,366)
Adjustments for:		
Income tax	**32**	–
Changes in fair value of derivative component of convertible loan notes	**3,462**	(4,975)
Finance costs	**13,750**	12,158
Dividend income	**(251)**	(261)
Net gain on trading of listed securities	**(12,149)**	(3,077)
Depreciation of plant and equipment	**5,905**	6,051
Impairment loss recognised in respect of trade receivables	**4,653**	39,817
Impairment loss recognised in respect of interests in joint ventures	**7,044**	–
Written off of trade receivables	**–**	491
Written back of long outstanding other payables and accruals	**–**	(1,405)
Gain on disposal of available-for-sale investments	**–**	(159)
Change in fair value of financial assets designated as at fair value through profit or loss	**–**	(3,716)
Gain on disposal of plant and equipment	**(15)**	(70)
Written off of plant and equipment	**–**	60
Gain on disposal of subsidiaries	**(347)**	(3,437)
Reversal of impairment loss recognised in respect of trade receivables	**(39,550)**	(10,924)
Share of profits of associates	**(11,488)**	(2,428)
Share of profits of joint ventures	**(289)**	(1,094)
Interest income from financial institutions	**(121)**	(266)
Impairment loss recognised in respect of available-for-sale financial assets	**8**	–
Operating cash flow before movements in working capital	**(44,979)**	(42,601)
Increase in other non-current assets	**–**	(27)
Decrease (increase) in investment held for trading	**12,527**	(4,850)
(Increase) decrease in loan receivables	**(4,028)**	25,822
Decrease in trade receivables	**67,689**	28,094
(Increase) decrease in other receivables, deposits and prepayments	**(294)**	3,414
Increase in bank balances and cash – trust	**(58,758)**	(13,811)
Increase in trade payable, other payables and accruals	**65,630**	22,179
Dividend income received	**251**	261
Cash from operations	**38,038**	18,481
Income taxes paid	**(32)**	(37)
NET CASH FROM OPERATING ACTIVITIES	**38,006**	18,444

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
INVESTING ACTIVITIES			
Purchase of plant and equipment		**(202)**	(4,174)
Net cash inflow in respect of the disposal of subsidiaries	39	**1,132**	6,919
Interest income from financial institutions received		**121**	266
Proceeds on disposal of available-for-sale financial assets		**–**	1,599
Advanced to an independent third party		**(780)**	–
Proceeds on disposal of plant and equipment		**190**	381
Investment in an associate	23	**(200)**	(5,973)
Investment in a joint venture	24	**(290)**	–
Advance to joint ventures		**(3,000)**	(37,692)
NET CASH USED IN INVESTING ACTIVITIES		**(3,029)**	(38,674)
FINANCING ACTIVITIES			
Acquisition of non-controlling interests of subsidiaries		**–**	(2,918)
Proceeds from issue of new shares		**25,230**	–
Proceeds from issue of corporate bonds		**53,810**	–
Expenses on issue of corporate bonds		**(7,637)**	–
Capital contribution from a non-controlling shareholder of a subsidiary		**–**	249
Repayment of bank and other borrowings		**(52,954)**	(1,374)
Interest paid		**(9,871)**	(10,661)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**8,578**	(14,704)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**43,555**	(34,934)
Effect of foreign exchange rate changes		**(79)**	572
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**43,535**	77,897
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by bank balances and cash – general (note 31)		**87,011**	43,535

1. GENERAL

China Fortune Financial Group Limited (the "**Company**") was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

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

The principal activities of the Company and its subsidiaries (the "**Group**") are securities and insurance brokerage, margin financing, provision of corporate finance services and money lending services.

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

The Group has applied the following new and revised HKFRSs, which includes HKFRSs, Hong Kong Accounting Standards ("**HKAS(s)**") and Interpretation ("**Int(s)**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in 2012
Amendments to HKFRS 1	First-time adoption of HKFRSs – Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKAS 36	Recoverable Amount Disclosures for Non Financial Assets
Hong Kong (International Financial Reporting Interpretations Committee) ("**HK(IFRIC)**") Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised 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)

Amendments to HKFRS 7 Disclosures - Offsetting financial assets and financial liabilities

The Group has applied the amendments to HKFRS 7 *Disclosures - Offsetting financial assets and financial liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

(a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial instruments: Presentation*; and

(b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's offsetting arrangements. Detailed disclosures are set out in note 46.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

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

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and Hong Kong (Standing Interpretations Committee) ("**HK(SIC)**") Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor controls an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power over the investee to affect the amount of the investor's returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the initial application of HKFRS 10, the Directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) – Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangements, and, when relevant, other facts and circumstances.

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

Impact of the application of HKFRS 11 (Continued)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The Directors of the Company reviewed and assessed the classification of the Group's joint arrangements in accordance with the requirements of HKFRS 11 and concluded that the Group's investment in Measure Up International Limited ("**Measure Up**") and its subsidiaries, which was classified as a jointly controlled entity under HKAS 31 should be classified as a joint venture under HKFRS 11 and continue to account for using the equity method.

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

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. Details are set out in notes 23, 24 and 43.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures set out in note 6(c), the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit ("**CGU**") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Group applied the amendments to HKAS 36 in advance of the effective date for the Group's financial year commencing on 1 January 2014, accordingly, the recoverable amounts of corporate finances (containing goodwill) had not been disclosed in these consolidated financial statements. Also, the recoverable amount of interests in joint ventures has been disclosed in the note 24 to the consolidated financial statements.

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

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Continued)

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[4]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

The Directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014 with early application permitted. The Directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

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

HKFRS 9 Financial Instruments (Continued)

Key requirements of HKFRS 9 are described as follows:

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

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The Directors of the Company anticipate that the adoption of HKFRS 9 in the future may have a significant impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets and financial liabilities, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

3. SIGNIFICANT ACCOUNTING POLICIES

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 and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of 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 in the principal (or more advantageous) market between market participants at the measurement date under current market condition (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. 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

– has the ability to use its power to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Profit or loss and each item of other comprehensive income of subsidiaries 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)

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognises as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to accumulated loss as specified 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 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Goodwill

Goodwill arising from business combination is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

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

A CGU 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 a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU 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.

On disposal of the relevant CGU, 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 relating to associates or joint ventures that included in the carrying amount or the investment is set out in "investment in associates and joint ventures" below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture 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 or joint venture. When the Group's share of losses of an associate or joint venture equals or exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), 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 obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 in 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 or a joint venture. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group. The Group's share in the associate's or joint venture's gains or losses resulting from the transaction is eliminated.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business.

Commission income for brokerage business of securities and futures dealing are recognised on a trade date basis when the services are provided.

Insurance brokerage/commission income/consultancy service income/underwriting commission income/placing commission income/securities handling income/advisory and other corporate finance service income are recognised when the services are provided.

Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the reporting period.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

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

Depreciation is recognised so as to write off the cost of items of plant and equipment less their residual values 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.

An item of 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 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.

Club membership debentures and other non-current assets

Club membership debentures represent unlisted membership debentures and other non-current assets represent the deposits paid to respective regulatory bodies in carrying out its principal activities. The club membership debentures and other non-current assets are stated at cost less any accumulated impairment loss.

Leasing

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

The Group as lessee

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), 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.

Retirement benefit costs

Payments to the stated-managed retirement benefits scheme and the Mandatory Provident Fund Scheme are recognised as an expense when the employees have rendered service entitling them to the contributions.

Borrowing costs

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint arrangements, 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 probably 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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at bank – general and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

Financial instruments

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

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 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 at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("**FVTPL**"), loans and receivables and available-for-sale financial assets. 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 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Effective interest method (Continued)

Interest income is recognised on an effective interest basis for debt instruments, other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

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

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

- such designation eliminated or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with change in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in net gain on trading of listed securities in the consolidated statement of profit or loss and other comprehensive income. Fair value is determined in the manner disclosed in note 6(c).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, loan receivables, amounts due from an investee company/an associate/joint ventures/a non-controlling shareholder of a subsidiary, other receivables and deposits, and bank balances and cash – trust and general) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as financial assets at FVTPL or loan and receivables.

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

Impairment of financial assets

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial assets** (Continued)*

Impairment of financial assets (Continued)

For certain categories of financial assets, such as trade 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 credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the 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 effective interest rate. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, loan receivables and amounts due from an investee company/an associate/joint ventures/a non-controlling shareholder of a subsidiary, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade and other receivables, loan receivables and amounts due from an investee company/an associate/joint ventures/a non-controlling shareholder of a subsidiary are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

Financial liabilities and equity instruments

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense and relevant direct costs 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 expenses are recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including trade payables, other payables, accruals, corporate bonds, and bank and other borrowings) are subsequently measured at amortised cost, using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basic or realise the asset and settle the liability simultaneously.

Convertible loan notes contains liability and equity components

Convertible loan notes issued by the Company that contains both the liability and conversion option components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. 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 classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Convertible loan notes contains liability and equity components

Transaction costs that relate to the issue of the convertible loan 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 to 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 loan notes using the effective interest method.

Convertible loan notes contains liability, equity components and conversion derivative

Convertible loan notes issued by the Company that contain the liability, conversion option and derivative (which is not closely related to the host liability component) are classified separately into respective items on initial recognition. 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 classified as an equity instrument. At the date of issue, both the liability and derivative components are measured at fair value. The difference between the gross proceeds of the issue of the convertible loan notes and the fair values assigned to the liability and derivative respectively, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible loan notes equity reserve).

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible loan notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible loan notes equity reserve will be released to accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Upon redemption of the convertible bonds, the redemption consideration will be allocated to the liability component and equity component using the same allocation basis as when the convertible bonds were originally issued.

Differences between the fair value and the carrying amount of the liability component will be recognised in the consolidated statement of profit or loss and other comprehensive income. The difference between the redemption consideration and the fair value of the equity component will be included in equity (convertible loan notes equity reserve) and released to accumulated losses.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability, equity and derivative components in proportion to the allocation of the gross proceeds. Transactions costs relating to the equity component are charged directly to equity. Transaction costs relating to conversion derivative are charged to profit or loss immediately. 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 loan notes using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

***Financial liabilities and equity instruments** (Continued)*

Embedded derivatives

Derivative embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial guarantee contracts

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

Financial guarantee contracts issued by the Group and not designated as at FVTPL are initially measured at their fair values less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequently to initial recognition, the Group measures the financial guarantee contract at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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 directly in other comprehensive income is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or 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)

Impairment on tangible and intangible assets (other than impairment of goodwill set out in accounting policy of goodwill above)

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 CGU to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives 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 CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) 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 CGU) 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 CGU) in prior years. A reversal of an impairment loss is recognised immediately.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make estimates and assumptions about the carrying amounts of assets, liabilities, revenues and expenses reported and disclosures made in the consolidation financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGU 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 CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2014, the carrying amount of goodwill is HK$3,994,000 (2013: HK$3,994,000). No impairment loss has been recognised as at 31 March 2014 and 2013. Details of the impairment testing on goodwill are set out in note 21.

Estimated impairment of trade and loan receivables

The policy for impairment loss in respect of trade and loan receivables of the Group is based on the evaluation of collectability, ageing analysis of accounts, the value of underlying collaterals and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of those client in default of settlement. If the financial conditions of debtors and their ability to make payment worsen, additional allowance may be required.

As at 31 March 2014, the carrying amount of trade receivables is approximately HK$119,447,000 (2013: HK$153,096,000), net of accumulated impairment losses of approximately HK$66,884,000 (2013: HK$101,781,000).

As at 31 March 2014, the carrying amount of loan receivables is approximately HK$33,476,000 (2013: HK$29,448,000) and no impairment loss has been recognised (2013: nil).

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Estimated impairment recognised in respect of other receivables, deposits, amounts due from an associate and joint ventures

The policy for impairment losses in respect of other receivables, deposits, amounts due from an associate and joint ventures of the Group are based on the estimation of future cash flow. The amount of the impairment losses is measured at the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment losses may arise.

As at 31 March 2014, the carrying amount of other receivables and deposits is approximately HK$6,371,000 (2013: HK$5,470,000), and no impairment loss has been recognised (2013: nil). As at 31 March 2014, the carrying amount of amounts due from an associate and joint ventures are nil (2013: HK$58,403,000) and HK$73,000,000 (2013: HK$70,000,000) respectively and no impairment loss has been recognised (2013: nil).

Useful lives and impairment assessment of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses, if any. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment are evaluated for possible impairment on a specific assets basis or in groups of similar assets, as applicable. For any instance where this evaluation process indicates impairment, the Directors of the Company require to evaluate the future cash flows generated by each asset or group of assets, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the written-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2014, the carrying amount of plant and equipment is approximately HK$3,604,000 (2013: HK$9,482,000) and no impairment loss has been recognised (2013: nil).

Impairment of intangible assets

At the end of the reporting period, the Group performs testing on whether there has been impairment of intangible assets in accordance with the accounting policy as stated in note 3. Impairment test requires an estimation of the value in use of CGUs to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made. As at 31 March 2014 and 2013, the carrying amount of intangible assets is nil, net of accumulated impairment losses of approximately HK$2,261,000.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of interests in associates

The Group determines whether the interests in associates are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the associates in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2014, the carrying amount of interests in associates is approximately HK$85,048,000 (2013: HK$14,183,000) and no impairment loss has been recognised (2013: nil).

Impairment of interests in joint ventures

The Group determines whether the interests in joint ventures are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the joint ventures in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2014, the carrying amount of interests in joint ventures is approximately HK$2,919,000 (2013: HK$9,384,000), net of accumulated impairment losses of approximately HK$7,044,000 (2013: nil).

Impairment of club membership debentures

The Group determines the impairment loss if circumstances indicate the carrying value of an asset may not be recoverable. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. The Group considers information from current prices in the second-hand market in determining the fair value of such assets and uses assumptions that are mainly based on current market conditions. As at 31 March 2014, the carrying amount of club membership debentures is approximately HK$6,610,000 (2013: HK$6,610,000) and no impairment loss has been recognised (2013: nil).

Fair value of the derivative component of the convertible loan notes

The Directors of the Company use their judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instrument, assumptions are made based on quoted market rates adjusted for specific features of the instrument. As at 31 March 2014, the carrying amounts of derivative asset component of convertible loan notes is approximately HK$3,359,000 (2013: HK$6,821,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes bank and other borrowings disclosed in note 33 and convertible loan notes disclosed in note 34, corporate bonds disclosed in note 36, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure regularly. As part of this review, the Directors of the Company consider the cost of capital and the associated risks with each class of capital, and take appropriate actions to adjust the Group's capital structure.

For certain subsidiaries of the Group, they are regulated by the Securities and Futures Commission (the "**SFC**") and are required to comply with certain minimum capital requirements according to the rules of SFC. Management monitors, on a daily basis, the subsidiaries' liquid capital to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules, the range of liquid capital is from HK$100,000 to HK$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

Another subsidiary of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK$100,000 at all times.

There is no non-compliance of the capital requirements imposed by the respective regulators during both years.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014 **HK$'000**	2013 HK$'000
Financial assets		
– Loans and receivables (including cash and cash equivalents)	**438,784**	420,673
– Available-for-sale financial assets	**–**	8
– FVTPL		
• Financial assets held for trading	**22,464**	22,842
• Financial assets designated at FVTPL	**3,359**	6,821
Financial liabilities		
– At amortised cost	**257,477**	194,821

6. FINANCIAL INSTRUMENTS

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale financial assets, investments held for trading, trade receivables, loan receivables, amounts due from an investee company/an associate/joint ventures/a non-controlling shareholder of a subsidiary, other receivables and deposits, bank balances and cash – trust and general, bank and other borrowings, trade payables, other payables and accruals, convertible loan notes and corporate bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and 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.

Currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to foreign currency denominated amounts due from an associate other receivables, bank balances, other payables and accruals. The Group's exposure to currency risk is minimal. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("**RMB**")	**1,130**	1,097	**–**	–
United States Dollars ("**USD**")	**9,966**	77,955	**202**	667

More than 98% (2013: 82%) and 99% (2013: 99%) of financial assets and financial liabilities, respectively, of the Group are denominated in HK$ and the remaining is denominated in RMB and USD as at 31 March 2014. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of the Directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates.

If a 5% (2013: 5%) increase/decrease in HK$ against the RMB and all other variables were held constant, the Group's loss after tax for the year would decrease/increase by approximately HK$47,000 (2013: HK$46,000). The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

6. FINANCIAL INSTRUMENTS (Continued)

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan receivables, other borrowings, amounts due from joint ventures, convertible loan notes and corporate bonds at fixed rates and such fixed rate assets and liabilities were disclosed in the respective notes. The Group is exposed to cash flow interest rate risk in relation to certain trade receivables, bank balances and cash-general and bank borrowings. It is the Group's policy to keep its assets and liabilities at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly relating to the fluctuation of Hong Kong prime rate ("**prime rate**") and Hong Kong Interbank Offered Rate ("**HIBOR**") (the prime rate and HIBOR arising from the Group's interest bearing financial instruments). The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments with variable interest rate in nature:

	2014	2013
	HK$'000	HK$'000
Assets		
– Trade receivables		
– cash and margin clients	**106,966**	142,192
– Bank balances and cash – general	**87,011**	43,535
Liabilities		
– Bank borrowing	**–**	3,000

The sensitivity analysis below have been determined based on the exposure to variable interest rates at the end of the reporting period. The analysis is prepared assuming the amounts outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points (2013: 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.

As at 31 March 2014, if the interest rate of bank and other borrowings, trade receivables from cash and margin clients and bank balances and cash had been 100 (2013: 100) basis point higher/lower, the Group's loss for the year would decrease/increase by approximately HK$1,620,000 (2013: HK$1,526,000).

6. FINANCIAL INSTRUMENTS (Continued)

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

Equity price risk

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% (2013: 5%) higher/lower, loss for year ended 31 March 2014 would decrease/increase by approximately HK$938,000 (2013: HK$954,000) as a result of the changes in fair value of investments held for trading.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The maturity portfolio of the Group's financial liabilities as at the end of the reporting period, based on the contracted undiscounted payments, the table include both interest and principal cash flow was as follows:

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2014						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	140,195	–	–	–	140,195	140,195
Corporate bonds	3,717	14,300	8,880	48,330	75,227	47,766
Convertible loan notes	45,596	33,473	–	–	79,069	69,516
Financial guarantee contracts	12,317	–	–	–	12,317	–
	201,825	47,773	8,880	48,330	306,808	257,477

6. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 31 March HK$'000
2013						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	74,637	–	–	–	74,637	74,637
Bank and other borrowings	53,212	–	–	–	53,212	52,954
Convertible loan notes	6,446	45,596	33,473	–	85,515	67,230
	134,295	45,596	33,473	–	213,364	194,821

The financial guarantee contracts of approximately RMB10,000,000 (equivalent to approximately HK$12,317,000) (2013: nil) are the maximum amount of the Group could be required to settle under the arrangement for full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

Credit risk

As at 31 March 2014, 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 and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position, and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 47.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of trade receivables, other receivables and loan receivables at the end of each 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.

As at 31 March 2014, the Group had credit risk on amounts due from joint ventures of HK$73,000,000 (2013: HK$70,000,000). Regular review on the financial position of joint ventures is performed. The review focus on the financial background and current abilities to pay, and take into account information specific to joint ventures as well as pertaining to the environment in which joint ventures operate.

6. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spreading across diverse industries.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2013: 100%) of the total trade receivables as at 31 March 2014.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

(c) Fair value measurements of financial instruments

Fair value measurement of financial position

The following table provides an analysis of financial instruments that are measured at fair value at the end of each reporting period for recurring measurement, grouped into Levels 1 to 3 based on the degree to which the fair value is observable in accordance with the Group's accounting policy.

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

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	**Fair value as at 31 March 2014 HK$'000**	Fair value as at 31 March 2013 HK$'000	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**
Investments held for trading	**22,464**	22,842	Level 1	Quoted bid prices in active market
Derivative component of convertible loan notes	**3,359**	6,821	Level 2	Black-Scholes option pricing model based on the stock price, expected volatility, expected option period and risk free rate

There were no transfers between levels of fair value hierarchy in the current and prior years.

6. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments (Continued)

Fair value measurement of financial position (Continued)

The Directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. TURNOVER

Turnover represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's turnover for the year from continuing operations is as follows:

	2014 **HK$'000**	2013 HK$'000
Dividend income	**251**	261
Income from securities brokerage business	**9,760**	9,253
Interest income from money lending business	**4,852**	9,472
Margin interest income from securities brokerage business	**11,538**	15,996
Net gain on trading of listed securities	**12,149**	3,346
Service income from corporate finance	**9,982**	6,494
Others	**2,608**	1,988
	51,140	46,810

8. SEGMENT INFORMATION

Information reported to the board of Directors, being the designated decision maker, for the purpose of resources allocation and assessment of segment performance focus is on the type of services provided. No operating segments identified by the designated decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

1) The broking and margin financing segment engages in securities and margin financing in Hong Kong.

2) The proprietary trading segment engages in proprietary trading of securities.

3) The corporate finance segment engages in the provision of corporate finance services in Hong Kong.

4) The money lending segment engages in the provision of money lending services in Hong Kong.

5) Others.

8. SEGMENT INFORMATION (Continued)

Other operations include consultancy service and insurance brokerage.

The futures brokerage business, which was included in broking and margin financing segment, was discontinued and disposed of during the year ended 31 March 2013. The segment information reported on the next pages does not include any amounts for these discontinued operations, which are described in more details in note 15.

Information regarding the above segments is reported below.

Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable and operating segment.

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Inter-segment elimination		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Continuing operations														
Turnover														
External turnover	**21,298**	25,249	**12,400**	3,607	**9,982**	6,494	**4,852**	9,472	**2,608**	1,988	**–**	–	**51,140**	46,810
Inter-segment turnover (note)	**391**	22	**–**	–	**100**	41	**–**	–	**3,621**	4,138	**(4,112)**	(4,201)	**–**	–
	21,689	25,271	**12,400**	3,607	**10,082**	6,535	**4,852**	9,472	**6,229**	6,126	**(4,112)**	(4,201)	**51,140**	46,810
Segment profit (loss)	**33,152**	(24,410)	**11,796**	2,729	**685**	(4,158)	**(86)**	2,629	**(2,854)**	(7,207)	**–**	–	**42,693**	(30,417)
Unallocated operating income													**425**	1,991
Unallocated operating expense													**(46,609)**	(44,012)
Change in fair value of financial assets designated as at FVTPL													**–**	3,716
Change in fair value of derivative component of convertible loan notes													**(3,462)**	4,975
Gain on disposal of subsidiaries													**347**	430
Impairment loss in respect of interests in joint ventures													**(7,044)**	–
Share of profits of associates													**11,488**	2,428
Share of profits of joint ventures													**289**	1,094
Finance costs													**(13,750)**	(12,158)
Loss before tax													**(15,623)**	(71,953)

Note: Inter-segment sales are charged at prevailing market prices.

8. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit (loss) represents the profit (loss) from each segment without allocation of central administration expenses, directors' salaries, change in fair value of financial assets designated as at FVTPL, change in fair value of derivative component of convertible loan notes, gain on disposal of subsidiaries, share of profits of associates and joint ventures, finance costs, interest income from financial institutions, gain on disposal of plant and equipment and certain other operation income. This is the measure reported to the designated decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

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

	2014 **HK$'000**	2013 HK$'000
Segment assets		
Broking and margin financing	**238,375**	200,254
Proprietary trading	**22,464**	22,842
Corporate finance	**5,237**	5,081
Money lending	**33,476**	29,448
Others	**791**	684
Total segment assets	**300,343**	258,309
Unallocated	**267,146**	236,222
Consolidated assets	**567,489**	494,531
Segment liabilities		
Broking and margin financing	**135,595**	73,917
Corporate finance	**228**	117
Others	**1,062**	603
Total segment liabilities	**136,885**	74,637
Unallocated	**121,312**	120,904
Consolidated liabilities	**258,197**	195,541

8. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than plant and equipment for general operations, club membership debentures, interests in associates, interests in joint ventures, available-for-sale financial assets, amounts due from an associate/joint ventures/an investee company, certain trade and other receivables, deposits and prepayments, derivative component of convertible loan notes, and bank balances and cash – general; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, bank and other borrowings, liability component of convertible loan notes, corporate bonds and tax payable.

Other segment information

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Unallocated		Consolidated	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Continuing operations														
Amounts included in the measure of segment profit (loss) or segment assets:														
Additions to non-current assets (note)	**–**	540	**–**	–	**–**	11	**–**	–	**–**	415	**59,193**	14,811	**59,193**	15,777
Depreciation	**333**	523	**–**	–	**7**	17	**–**	–	**4**	21	**5,561**	5,348	**5,905**	5,909
Reversal of impairment loss recognised in respect of trade receivables	**(39,550)**	(10,924)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(39,550)**	(10,924)
Written off of trade receivables	**–**	–	**–**	–	**–**	491	**–**	–	**–**	–	**–**	–	**–**	491
Impairment loss recognised in respect of trade receivables	**4,653**	39,817	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,653**	39,817
(Gain) loss on disposal of plant and equipment	**(15)**	–	**–**	(127)	**–**	–	**–**	–	**–**	57	**–**	–	**(15)**	(70)

Note: Non-current assets exclude financial instruments.

8. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March

	Broking and margin financing		Proprietary trading		Corporate finance		Money lending		Others		Unallocated		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations														
Amounts regularly provided to the designated decision maker but not included in the measure of segment profit (loss) or segment assets:														
Interests in associates	–	–	–	–	–	–	–	–	–	–	85,048	14,183	85,048	14,183
Interests in joint ventures	–	–	–	–	–	–	–	–	–	–	9,963	9,384	9,963	9,384
Interest income from financial institutions	(33)	(53)	–	–	–	–	(3)	(2)	–	–	(85)	(211)	(121)	(266)
Impairment loss on available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	8	–	8	–
Impairment loss recognised in respect of interests in joint ventures	–	–	–	–	–	–	–	–	–	–	7,044	–	7,044	–
Written off of plant and equipment	–	–	–	–	–	–	–	–	–	–	–	60	–	60
Change in fair value of financial assets designated as at FVTPL	–	–	–	–	–	–	–	–	–	–	–	(3,716)	–	(3,716)
Change in fair value of derivative component of convertible loan notes	–	–	–	–	–	–	–	–	–	–	3,462	(4,975)	3,462	(4,975)
Gain on disposal of subsidiaries	–	–	–	–	–	–	–	–	–	–	(347)	(430)	(347)	(430)
Gain on disposal of available-for-sale financial assets	–	–	–	–	–	–	–	–	–	–	–	(159)	–	(159)
Written back of long outstanding other payables and accruals	–	–	–	–	–	–	–	–	–	–	–	(1,405)	–	(1,405)
Share of profits of associates	–	–	–	–	–	–	–	–	–	–	(11,488)	(2,428)	(11,,488)	(2,428)
Share of profits of joint ventures	–	–	–	–	–	–	–	–	–	–	(289)	(1,094)	(289)	(1,094)
Finance costs	1,040	1,592	–	–	–	–	–	–	–	–	12,710	10,566	13,750	12,158
Income tax expense	–	–	–	–	–	–	–	–	32	–	–	–	32	–

8. SEGMENT INFORMATION (Continued)

Information about major customers

For the years ended 31 March 2014 and 2013, the Group did not have any customer contributed more than 10% of the Group's aggregate revenue.

Geographical information

The Group's operations are mainly located and carried out in Hong Kong. Accordingly, no geographical information has been presented.

9. OTHER REVENUE

	2014 HK$'000	2013 HK$'000
Continuing operations		
Gain on disposal of available-for-sale financial assets	–	159
Handling charges	1,688	684
Interest income from financial institutions	121	266
Loan arrangement fee income	500	315
Written back of long outstanding other payables and accruals	–	1,405
Gain on disposal of plant and equipment	15	70
Sundry income	266	733
	2,590	3,632

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years	3,425	5,814
Effective interest on corporate bond interests not wholly repayable within five years (note 36)	1,252	–
Effective interest on corporate bond interests wholly repayable within five years (note 36)	341	–
Effective interest expenses on convertible loan notes wholly repayable within five years (note 34)	8,732	6,344
	13,750	12,158

11. LOSS BEFORE TAX

Loss before tax from continuing operations has been arrived at after charging:

	2014 HK$'000	2013 HK$'000
Auditor's remuneration	**800**	790
Exchange losses	**164**	735
Total staff costs:		
– Directors' remuneration (note 13)	**13,039**	12,810
– salaries and allowance	**31,073**	30,385
– retirement benefit scheme contributions (excluding directors)	**904**	785
	45,016	43,980
Written off of plant and equipment	**–**	60
Impairment loss recognised in respect of available-for-sale financial assets	**8**	–
Written off of trade receivables	**–**	491
Operating lease in respect of rented premises	**15,560**	15,482

12. INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Continuing operations		
Underprovision for prior years		
Hong Kong Profits Tax	**32**	–

12. INCOME TAX EXPENSE (Continued)

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

	2014 HK$'000	2013 HK$'000
Loss before tax from continuing operations	**(15,591)**	(71,953)
Tax at domestic income tax rate of 16.5% (2013: 16.5%)	**(2,573)**	(11,872)
Tax effect of expenses not deductible for tax purpose	**5,380**	2,978
Tax effect of income not taxable for tax purpose	**(2,945)**	(2,188)
Tax effect of share of results of associates	**(1,895)**	(401)
Tax effect on share of profits of jointly-controlled entities	**(48)**	(181)
Underprovision in respect of prior years	**32**	–
Utilisation of tax losses not recognised in previous years	**(5,569)**	–
Tax effect of tax losses not recognised	**7,650**	11,664
Tax for the year	**32**	–

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No income tax was payable under Hong Kong Profits Tax for the year ended 31 March 2013 since the group has no assessable profits.

Under the Law of the People's Republic of China (the "**PRC**") on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to PRC EIT Law during both years.

At 31 March 2014, the Group had estimated unused tax losses of approximately HK$138,044,000 (2013: HK$125,432,000) available for offset against future profits. Tax losses may be carried forward indefinitely.

Tax losses of HK$7,535,000 (2013: HK$1,953,000) attributable to certain subsidiaries in the PRC had an expiry period of five years. The remaining tax losses of approximately HK$130,509,000 (2013: HK$123,479,000) do not expire under current tax legislation.

Under the New Enterprises Income Tax Law of the PRC, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries, associates and joint ventures from 1 January 2008 onwards (the "**Post-2008 Earnings**"). As at 31 March 2014 and 2013, deferred taxation has not been provided for in the consolidation financial statements in respect of temporary difference attributable to the Post-2008 Earnings. The Group did not have any material Post-2008 earnings as at 31 March 2014 and 2013.

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

(a) Directors' emoluments

The emoluments of each Director of the Company for the years ended 31 March 2014 and 2013 are as follows:

		Other emoluments		
	Directors' fees HK$'000	Salaries, allowances and other benefits in kind HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
For the year ended 31 March 2014				
Executive Directors:				
ZHANG Min**	120	7,979	15	8,114
NG Cheuk Fan Keith	120	1,714	15	1,849
HON Chun Yu	120	719	15	854
XIA Yingyan	120	719	15	854
Non-executive Directors:				
WONG Kam Fat Tony	360	–	–	360
WU Ling	360	–	–	360
Independent non-executive Directors:				
LAM Ka Wai Graham*	216	–	–	216
NG Kay Kwok	216	–	–	216
TAM B Ray Billy	216	–	–	216
	1,848	11,131	60	13,039

* Resigned all his offices in the Company on 11 April 2014

** Resigned all his offices in the Company with effect from 1 July 2014

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(a) Directors' emoluments (Continued)

		Other emoluments		
	Directors' fees	Salaries, allowances and other benefits in kind	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000
For the year ended 31 March 2013				
Executive Directors:				
ZHANG Min	120	7,865	15	8,000
NG Cheuk Fan Keith	120	1,627	15	1,762
HON Chun Yu	120	705	15	840
XIA Yingyan	120	705	15	840
Non-executive Directors:				
WONG Kam Fat Tony	360	–	–	360
WU Ling	360	–	–	360
Independent non-executive Directors:				
LAM Ka Wai Graham	216	–	–	216
NG Kay Kwok	216	–	–	216
TAM B Ray Billy	216	–	–	216
	1,848	10,902	60	12,810

There was no arrangement under which Directors waived or agreed to waive any emoluments for the two years ended 31 March 2014 and 2013. No emoluments has been paid to the Directors of the Company as inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2014 and 2013.

13. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS (Continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, two (2013: two) were Directors of the Company whose emoluments are set out above. The emoluments of the remaining three (2013: three) highest paid individuals were as follows:

	2014 HK$'000	2013 HK$'000
Salaries, allowances and other benefits in kind	**5,380**	5,366
Retirement benefits scheme contributions	**45**	44
	5,425	5,410

The emoluments of the three (2013: three) highest paid employees fall in the following bands:

	Number of individuals	
	2014	2013
Emoluments bands		
HK$1,000,001 to HK$1,500,000	**1**	–
HK$1,500,001 to HK$2,000,000	**1**	2
HK$2,000,001 to HK$2,500,000	**1**	1
	3	3

During the two years ended 31 March 2014 and 2013, no emoluments were paid to the five highest individuals as inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: nil).

15. DISCONTINUED OPERATION

On 29 July 2011, Fortune Financial (Holdings) Limited ("**Fortune Financial**"), a wholly-owned subsidiary of the Company, entered into a sales and purchase agreement for the sale of the entire issued share capital in Excalibur Future Limited ("**EFL**") and its subsidiaries (collectively referred to as ("**EFL Group**")), which was engaged in the future brokerage business and included in broking and margin financing segment, to New Century Excalibur Holdings Limited ("**New Century**"), an independent third party to the Group, for a cash consideration of HK$15,880,000.

The disposal of entire interests in EFL Group was completed on 31 May 2012. The operations of future brokerage business carried out by the EFL Group up to the date of disposal were presented in the consolidated financial statements of the Group as discontinued operation.

The profit for the period from discontinued operation was analysed as follows:

	1.4.2012-31.5.2012 HK$'000
Loss on discontinued operation for the period	(420)
Gain on disposal of subsidiaries	3,007
	2,587

The loss on discontinued operation was as follows:

	1.4.2012-31.5.2012 HK$'000
Turnover	7,835
Cost of sales and services rendered	(1,996)
Gross profit	5,839
Other revenue	88
Net loss on trading of listed securities	(269)
Other operating and administrative expenses	(6,078)
Loss before tax from discontinued operation	(420)
Income tax expense	–
Loss for the period	(420)

15. DISCONTINUED OPERATION (Continued)

	1.4.2012-31.5.2012 HK$'000
Loss for the period from discontinued operation include the following:	
Depreciation of plant and equipment	142
Operating lease in respect of rented premises	1,425
Staff costs	1,033
Contribution to retirement benefit scheme	30

The cash flows of the discontinued operation are as follows:

	1.4.2012-31.5.2012 HK$'000
Net cash inflow from operating activities	3,649
Net cash inflow from investing activities	70
Net cash outflow from financing activities	(3,104)
Total cash inflow	615

The carrying amounts of assets and liabilities of EFL Group at the date of disposal were disclosed in note 39.

16. LOSS PER SHARE

For continuing and discontinued operations

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

	2014 HK$'000	2013 HK$'000
Loss		
Loss for the purpose of basic loss per share	**(15,254)**	(69,002)

Number of shares	2014 '000	2013 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	**3,334,056**	3,166,086

Diluted loss per share was same as the basic loss per share for the years ended 31 March 2014 and 2013, as the effect of the conversion of the Company's outstanding convertible loan notes would result in a decrease in loss per share for the years ended 31 March 2014 and 2013.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to the owners of the Company for the year is based on the following data:

	2014 HK$'000	2013 HK$'000
Loss for the year attributable to owners of the Company	**(15,254)**	(69,002)
Less: profit for the period from discontinued operation (note 15)	–	2,587
Loss for the year for the purpose of computation of basic and diluted loss per share from continuing operations	**(15,254)**	(71,589)

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation for the year ended 31 March 2013 was HK0.08 cent per share (2014: nil), based on the profit for the year from the discontinued operation attributable to the owners of the Company of approximately HK$2,587,000 and the denominators detailed above for basic and diluted earnings per share for the year ended 31 March 2013.

17. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 1 April 2012	7,998	1,523	1,129	8,649	19,299
Additions	415	–	36	3,723	4,174
Disposal	(64)	(123)	(33)	(1,027)	(1,247)
Written off	(80)	–	–	(140)	(220)
At 31 March 2013 and 1 April 2013	8,269	1,400	1,132	11,205	22,006
Additions	–	12	–	190	202
Disposal	–	–	–	(350)	(350)
At 31 March 2014	8,269	1,412	1,132	11,045	21,858
ACCUMULATED DEPRECIATION					
At 1 April 2012	1,945	298	650	4,818	7,711
Provided for the year	3,017	386	241	2,265	5,909
Eliminated on disposal	(14)	(123)	(25)	(774)	(936)
Eliminated on written off	(20)	–	–	(140)	(160)
At 31 March 2013 and 1 April 2013	4,928	561	866	6,169	12,524
Provided for the year	3,128	361	142	2,274	5,905
Eliminated on disposal	–	–	–	(175)	(175)
At 31 March 2014	8,056	922	1,008	8,268	18,254
CARRYING VALUES					
At 31 March 2014	213	490	124	2,777	3,604
At 31 March 2013	3,341	839	266	5,036	9,482

17. PLANT AND EQUIPMENT (Continued)

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

Leasehold improvements	Over the lease term
Furniture and fixtures	25%
Office equipment	25%
Motor vehicles	25%

18. INTANGIBLE ASSETS

	License right HK$'000	Trading software HK$'000	Total HK$'000
COST			
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	2,261	20,000	22,261
ACCUMULATED AMORTISATION AND IMPAIRMENT			
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	2,261	20,000	22,261
CARRYING VALUES			
At 31 March 2013 and 2014	–	–	–

All the intangible assets were acquired from third parties.

The trading software has definite useful life. Such software is amortised on a straight line basis over 5 years.

The license right represents the license for carrying out asset management business in Hong Kong. The license right has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life. The license right will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

18. INTANGIBLE ASSETS (Continued)

Impairment review on the intangible assets

The basis of the recoverable amounts of the intangible assets and its major underlying assumptions are summarised below:

License right

During the years ended 31 March 2014 and 2013, the Directors of the Company conducted a review of the Group's license right and determined that no benefits will be generated from the license right in the foreseeable future which resulted from the unstable financial market in these years. The asset management business is not yet to be commenced during both years ended 31 March 2014 and 2013 and the Directors of the Company expected that the business will not be started in the near future, therefore, the carrying amount of the license right was fully impaired in previous years.

19. CLUB MEMBERSHIP DEBENTURES

	2014 **HK$'000**	2013 HK$'000
Unlisted club membership debentures	**6,610**	6,610

20. OTHER NON-CURRENT ASSETS

	2014 **HK$'000**	2013 HK$'000
At cost:		
Deposits paid to the Stock Exchange		
– Compensation fund deposits	**50**	50
– Fidelity fund deposits	**50**	50
– Stamp duty deposits	**30**	30
Deposits paid to Hong Kong Securities Clearing Company Limited		
– Guarantee fund contribution	**50**	50
– Admission fees	**50**	50
	230	230

21. GOODWILL

	HK$'000
Carrying value	
At 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	3,994

Goodwill of approximately HK$3,994,000 was attributable to the acquisition of Fortune Financial Capital in previous years.

The carrying amount of goodwill is allocated to the corporate finance segment. No impairment loss has been recognised as at 31 March 2014 and 2013.

Impairment testing on goodwill

Corporate finance segment

The recoverable amount of corporate finance operation is determined from value in use calculations using cash flow projections based on financial budget approved by the management covering 5-year period, and the discount rate applied to the cash flow projections is 12.74% (2013: 11.39%). Zero growth rate is applied to extrapolate the cash flows beyond five-year period during the year ended 31 March 2014 and 2013. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted net profit margin. This estimation is determined based on the unit's past performance and management's expectation for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of corporate finance operation to exceed the aggregate recoverable amount of corporate finance operation.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 HK$'000	2013 HK$'000
Unlisted securities		
Unlisted equity securities, at cost	**508**	508
Less: Impairment losses recognised	**(508)**	(500)
	–	8

The unlisted investment represents investment in unlisted equity security issued by private entities incorporated in Hong Kong. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

The Directors of the Company were of the opinion that the recoverable amount of the available-for-sale investments was significantly below its original cost as the issuer of the available-for-sale investments has continually loss making, an impairment loss of approximately HK$8,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2014. At 31 March 2014, the carrying amount of available-for-sale investments is nil (2013: HK$8,000), net of impairment loss of approximately HK$508,000 (2013: HK$500,000).

During the year ended 31 March 2013, the Group disposed of certain unlisted equity securities to an independent third party with carrying amount of HK$1,440,000 which has been carried at cost less impairment before the disposal. A gain on disposal of HK$159,000 has been recorded during the year.

23. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	2014 HK$'000	2013 HK$'000
Cost of investments in unlisted associates	**70,304**	11,603
Share of post-acquisition profits and other comprehensive income	**14,744**	2,580
	85,048	14,183
Amount due from an associate	**–**	58,403

The amount due from an associate was unsecured, interest-free and repayable on demand. The amount was denominated in US$.

On 7 July 2012, Main Dynasty international Limited, a wholly-owned subsidiary of the Group, entered into an agreement with three independent parties to set up a sino-foreign joint venture company, 北京英邁金源公關顧問有限公司 ("**英邁金源**"). The Group injected RMB4,800,000 (equivalent to approximately HK$5,973,000) to 英邁金源, which represented 48% equity interests in 英邁金源.

On 22 August 2012, Gold Kingdom Holdings Limited ("**Gold Kingdom**"), a wholly-owned subsidiary of the Company exercised its right to convert the exchangeable note at a fair value of HK$64,033,000) into 25% equity interests in China Runking Financing Group Holdings Limited ("**China Runking**") and obtained an interest-free, repayable on-demand loan of US$7,500,000 (equivalent to approximately HK$58,403,000) due from China Runking to the Group. During the year ended 31 March 2014, the loan to an associate of US$7,500,000 (equivalent to approximately HK$58,500,000) has been capitalised as investments in China Runking.

On 18 March 2014, Fortune Wealth, a wholly-owned subsidiary of the Group, has set up a limited company in Hong Kong, Fortune Freedoness Wealth Management Limited ("**Fortune Freedoness**"), with an independent third party and injected HK$200,000 to Fortune Freedoness, which represented 20% equity interests in Fortune Freedoness.

23. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE (Continued)

Details of the associates as at 31 March 2014 and 2013 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group 2014	2013	Proportion of voting right held by the Group 2014	2013	Principal activity
China Runking	Limited liability company	Hong Kong	Ordinary	**25%** (Note 1)	25%	**33%** (Note 1)	33%	Investment holding
City Eagle Limited	Limited liability company	Hong Kong	Ordinary	**25%**	25%	**33%**	33%	Investment holding
Chongqing Liangjiang New Area Small Loan Business Limited*	Limited liability company	The PRC	Registered capital	**25%**	25%	**33%**	33%	Provision of small loan financing services in Chongqing of the PRC
英邁金源	Limited liability company	The PRC	Registered capital	**48%** (Note 2)	48%	**25%** (Note 2)	25%	Provision of business consultancy services
Fortune Freedoness	Limited liability company	Hong Kong	Ordinary	**20%**	–	**20%**	–	Inactive

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

Both City Eagle Limited and Chongqing Liangjiang New Area Small Loan Business Limited are wholly owned subsidiaries of China Runking.

Notes:

1. The Group is able to exercise significant influence over China Runking and its subsidiaries ("**China Runking Group**") because it has the power to appoint two out of the six directors of that company under the provisions stated in the shareholders' agreement.

2. The Group is able to exercise significant influence over 英邁金源 because it has the power to appoint one out of the four directors of that company under the provisions stated in the Articles of Association of that company.

Included in the cost of investment in associates was goodwill of approximately HK$4,052,000 arising on the acquisition of associates during the year ended 31 March 2013.

23. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE (Continued)

Summarised financial information of material associate

The summarised financial information in respect of the Group's material associate, China Runking Group, which are accounted for using the equity method is set out below. The summarised financial information below represented amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

China Runking Group:

	2014 **HK$'000**	2013 HK$'000
Current assets	**460,630**	264,925
Non-current assets	**14,616**	2,022
Total assets	**475,246**	266,947
Current liabilities	**172,230**	246,240
Non-current liabilities	**458**	148
Total liabilities	**172,688**	246,388

	Year ended **31.3.2014** **HK$'000**	Period from 22.8.2012 to 31.3.2013 HK$'000
Total revenue	**76,040**	20,643
Total profit for the year/period	**45,328**	14,003
Total other comprehensive income for the year/period	**2,671**	237
Total comprehensive income for the year/period	**47,999**	14,240

23. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE (Continued)

Summarised financial information of material associates (Continued)

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

	2014 HK$'000	2013 HK$'000
Net assets of the associates	**302,558**	20,559
Proportion of the Group's ownership interest in China Runking Group	**25%**	25%
	75,640	5,140
Goodwill	**4,052**	4,052
Carrying amount of the Group's interest in the China Runking Group	**79,692**	9,192

The aggregate financial information and carrying amounts of the Group's interests in associates that are not individually material and are accounted for using equity method are set out below:

	Year ended 31.3.2014 HK$'000	Period from 22.8.2012 to 31.3.2013 HK$'000
The Group's share of profit	**156**	(1,073)
The Group's share of other comprehensive income	**8**	93
The Group's share of total comprehensive income	**164**	(980)

	2014 HK$	2013 HK$
Aggregate carrying amount of the Group's interests in immaterial associates	**5,356**	4,991

24. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES

	2014 HK$'000	2013 HK$'000
Cost of investments in unlisted joint ventures	**8,367**	8,077
Share of post-acquisition profits and other comprehensive income	**1,596**	1,307
	9,963	9,384
Less: Impairment loss recognised	**(7,044)**	–
	2,919	9,384
Amounts due from joint ventures	**73,000**	70,000

The amounts due from joint ventures are unsecured, interest-free and repayable on demand, other than an amount of approximately HK$3,000,000 (2013: nil) which carries interest at 12% (2013: nil) per annum.

On 12 October 2013, the Company has set up a limited company in the PRC, Shenzhen Qianhai Fortune Financial Service Company Limited* ("**Qianhai Fortune Financial**"), with three independent third parties and injected HK$290,000 to Qianhai Fortune Financial, which represented 30% equity interests in Qianhai Fortune Financial.

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

24. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (Continued)

Details of the joint ventures as at 31 March 2014 and 2013 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Proportion of nominal value of issued capital held by the Group 2014	2013	Proportion of voting right held by the Group 2014	2013	Principal activity
Measure Up	Limited liability company	British Virgin Islands (the "**BVI**")	Ordinary	**35%**	35%	**40%**	40%	Investment holding
Lucky Target Property Agency Limited	Limited liability company	Hong Kong	Ordinary	**35%**	35%	**40%**	40%	Investment holding
Rongtong Finance Leasing (Shanghai) Company Limited*	Limited liability company	The PRC	Registered share capital	**35%**	35%	**40%**	40%	Provision of finance lease service
Qianhai Fortune Financial*	Limited liability company	The PRC	Registered share capital	**30%**	–	**40%**	–	Provision of financial consultancy service

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

Both Lucky Target Property Agency Limited and Rongtong Finance Leasing (Shanghai) Company Limited are the wholly owned subsidiaries of Measure Up.

The Group holds 35% of the ordinary shares of Measure Up and controls 40% of the voting power in the general meeting. Under a shareholders' agreement, the major financing and operational decisions of Measure Up should be unanimously approved by the Group and other venturer. Therefore, Measure Up and its subsidiaries ("**Measure Up Group**") are regarded as joint ventures of the Group.

The Group holds 30% of equity interests of Qianhai Fortune Financial and controls 40% of the voting power in the general meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Financial should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Financial is regarded as joint ventures of the Group.

Included in the cost of investments in joint ventures is goodwill of approximately HK$7,044,000 arising on acquisition of joint ventures in previous years.

24. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (Continued)

In light of certain significant loan receivables of Measure Up Group were defaulted during the year ended 31 March 2014, the Directors of the Company were of the opinion that the recoverable amount of the interests in Measure Up Group was significantly below its investment cost, an impairment loss of approximately HK$7,044,000 was recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2014. The recoverable amount of the interests in Measure Up Group of approximately HK$2,634,000 has been determined on the basis of value in use calculation. That cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 13.2%. At 31 March 2014, the carrying amount of interests in joint ventures is approximately HK$2,919,000 (2013: HK$9,384,000), net of impairment loss of approximately HK$7,044,000 (2013: nil).

The summary financial information in respect of the Group's material joint ventures, Measure Up Group, which are accounted for using the equity method is set out below:

Measure Up Group:

	2014 **HK$'000**	2013 HK$'000
Current assets	**224,490**	216,514
Non-current assets	**13,302**	36,335
Total assets	**237,792**	252,849
Current liabilities	**229,367**	246,139
Non-current liabilities	**898**	23
Total liabilities	**230,265**	246,162

24. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (Continued)

The above amounts of assets and liabilities include the following:

	2014 HK$'000	2013 HK$'000
Cash and cash equivalents	**14,392**	17,288
Current financial liabilities (excluding trade and other payables and provisions)	**215,144**	227,494
Non-current financial liabilities (excluding trade and other payables and provisions)	**898**	23

	Year ended	
	31.3.2014 HK$'000	31.3.2013 HK$'000
Total revenue	**7,645**	14,643
Total profit for the year	**840**	3,127
Other comprehensive income for the year	**–**	149
Total comprehensive income for the year	**840**	3,276

Included in the amounts disclosed above are:

	Year ended	
	31.3.2014 HK$'000	31.3.2013 HK$'000
Depreciation	**1,271**	1,764
Interest income	**111**	168
Interest expense	**877**	406
Income tax (credit) expenses	**(229)**	282

24. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES (Continued)

Reconciliation of the summarised financial information presented above to the carrying amount of the interests in the joint ventures is set out below:

Measure Up Group

	2014 HK$'000	2013 HK$'000
Net assets of the joint venture	7,527	6,687
Proportion of the Group's interests in the Measure Up Group	35%	35%
	2,634	2,340
Goodwill	–	7,044
Carrying amount of the Group's interests in Measure Up Group	2,634	9,384

The financial information and carrying amount, in aggregate, of the Group's interests in joint ventures that are not individually material and are accounted for using equity method are set out below:

	Year ended	
	31.3.2014 HK$'000	31.3.2013 HK$'000
The Group's share of results	(5)	–
The Group's share of other comprehensive income	–	–
The Group's share of total comprehensive expense	(5)	–

	2014 HK$'000	2013 HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	285	–

25. INVESTMENTS HELD FOR TRADING

	2014 HK$'000	2013 HK$'000
Listed investments		
– Equity securities listed in Hong Kong	**22,464**	22,842

The fair values of the above listed securities are determined basing on the quoted market bid prices available on the Stock Exchange.

26. TRADE RECEIVABLES

The followings are the balances of trade receivable, net of impairment losses:

	2014 HK$'000	2013 HK$'000
Trade receivables from the business of dealing in securities:		
– Cash clients	**8,171**	8,207
– Hong Kong Securities Clearing Company Limited ("**HKSCC**")	**4,036**	2,846
– Margin clients	**172,414**	242,370
Trade receivables from other businesses	**1,710**	1,454
	186,331	254,877
Less: Impairment loss recognised	**(66,884)**	(101,781)
	119,447	153,096

The settlement terms of trade receivable, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. The Group allows an average credit period of 30 days to its trade customers of other business.

No ageing analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, the Directors of the Company consider that the ageing analysis does not give additional value in the view of the nature of business of margin financing.

26. TRADE RECEIVABLES (Continued)

The following is an aged analysis of trade receivables (excluded margin clients), net of impairment losses, at the end of the reporting period based on the invoice date which approximated the respective revenue recognition dates was as follows:

	2014 HK$'000	2013 HK$'000
Less than 30 days	**11,834**	10,074
31 to 60 days	**451**	203
61 to 90 days	**145**	440
Over 90 days	**1,079**	1,059
	13,509	11,776

Trade receivables from cash and margin clients are secured by the clients' pledged securities at fair values of approximately HK$1,327,360,000 (2013: HK$335,177,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin customers are repayable on demand and bear interest at commercial rates. As at 31 March 2014, included in the total trade receivables, approximately HK$106,966,000 (2013: HK$142,192,000) were interest bearing whereas approximately HK$12,481,000 (2013: HK$10,904,000) were non-interest bearing. There is no repledge of the collateral from margin clients in both years.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

Included in the Group's trade receivables from cash clients are debtors with aggregate carrying amount of approximately HK$2,737,000 (2013: HK$2,909,000) which were past due as at 31 March 2014 for which the Group has not provided for impairment loss.

In respect of trade receivables (excluded margin clients) which are past due but not impaired at the end of respective reporting period, the aged analysis (subsequent to the settlement date) are as follows:

	2014 HK$'000	2013 HK$'000
Less than 30 days	**1,062**	1,251
31 to 60 days	**451**	162
61 to 90 days	**145**	262
Over 90 days	**1,079**	1,234
	2,737	2,909

26. TRADE RECEIVABLES (Continued)

Trade receivables from cash clients that were past due but not impaired relate to a number of independent customers that either have a good track record for repayment with the Group or fully settled the outstanding balances subsequently. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds the pledged securities at fair values of approximately HK$390,280,000 over these balances (2013: HK$39,470,000).

Movements in the impairment loss of trade receivables in aggregate during the year are as follows:

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	**101,781**	72,989
Amounts written off as uncollectible	**–**	(101)
Reversal of impairment loss recognised	**(39,550)**	(10,924)
Recognised impairment loss during the year	**4,653**	39,817
Balance at end of the year	**66,884**	101,781

Included in the impairment losses of trade receivables with an aggregated balance of approximately HK$66,884,000 (2013: HK$101,781,000) were individually impaired trade debtors who were in financial difficulties. During the year ended 31 March 2014, no trade receivable were directly written off while during the year ended 31 March 2013, trade receivables of approximately HK$491,000 were directly written off due to the Directors of the Company considered that the recoverability of the receivables is remote.

27. LOAN RECEIVABLES

	2014 HK$'000	2013 HK$'000
Secured loan receivables	**20,110**	14,471
Unsecured loan receivables	**13,366**	14,977
	33,476	29,448

The secured loan receivables are secured by the equity shares of a listed company (2013: equity shares of a listed company and an unlisted company) and bear interest at a fixed interest rate at 10% to 15% (2013: 8% to 23%) per annum. The Group holds the pledged securities at fair values of approximately HK$16,892,000 over these balances (2013: HK$30,360,000).

27. LOAN RECEIVABLES (Continued)

The unsecured loan receivables carried interest at fixed rates at 22% to 30% (2013: 25%) per annum. All unsecured loan receivables are guaranteed by a substantial shareholder and/or an independent third party as at 31 March 2014 and 2013.

The following table illustrated the ageing analysis, based on the loan drawdown date, of the loan receivables outstanding at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
Less than 30 days	**561**	452
31 to 60 days	**3,156**	9,132
61 to 90 days	**1,653**	76
Over 90 days	**28,106**	19,788
	33,476	29,448

Included in the Group's loan receivables balance are debtors with aggregate carrying amount of nil (2013: HK$4,810,000) which were past due as at 31 March 2014 for which the Group has not provided for impairment loss. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The loan receivables are due for settlement at the date specified in the respect loan agreements.

28. AMOUNT DUE FROM AN INVESTEE COMPANY

	2014 HK$'000	2013 HK$'000
Amount due from an investee company	**5,042**	5,042
Less: Impairment losses recognised	**(5,042)**	(5,042)
	–	–

The amount is unsecured, interest-free and repayable on demand.

29. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014 HK$'000	2013 HK$'000
Other receivables	**2,040**	650
Deposits paid	**4,331**	4,820
Prepayments	**477**	304
	6,848	5,774
Less: Amount shown under non-current portion	**–**	(3,345)
	6,848	2,429

As at 31 March 2014, amount of approximately HK$498,000 (2013: HK$733,000) was denominated in RMB.

Movements in the impairment losses of other receivables in aggregate during the year are as follows:

	2014 HK$'000	2013 HK$'000
Balance at beginning of the year	**–**	4,416
Amounts written off as uncollectible	**–**	(4,416)
Balance at end of the year	**–**	–

Included in the deposits paid of approximately HK$4,060,000 (2013: HK$3,907,000) were the rental deposits which were paid to independent third parties.

As at 31 March 2014, included in other receivables of approximately HK$780,000 (2013: nil), which was advanced to an independent third party. The amount is unsecured, interest-free and repayable on demand.

30. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest-free and repayable on demand.

31. BANK BALANCES AND CASH

Bank balances and cash – trust

The Group maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its securities and futures brokerage and financing business. The Group has classified the clients' monies as bank balances and cash – trust under the current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Bank balances and cash – general

Bank balances and cash held by the Group amounting to approximately HK$87,011,000 (2013: HK$43,535,000) were with an original maturity of three months or less. The bank balances and bank deposits carried interest at market rates ranging from 0.001% to 0.56% (2013: 0.01% to 0.35%) per annum.

As at 31 March 2014, the Group had bank balances of approximately HK$9,966,000 (2013: HK$19,552,000) and HK$502,000 (2013: HK$364,000) which were originally denominated in USD and RMB respectively.

32. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2014 **HK$'000**	2013 HK$'000
Trade payables from the business of dealing in securities:		
– margin and cash clients	**134,161**	68,262
– HKSCC	**1,914**	2,003
Other payables and accruals	**4,120**	4,372
	140,195	74,637

For trade payables, no ageing analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the ageing analysis does not give additional value in the view of the nature of business of margin financing.

As at 31 March 2014, the Group had other payables and accruals of approximately HK$202,000 (2013: HK$667,000) which were denominated in USD.

33. BANK AND OTHER BORROWINGS

	2014	2013
	HK$'000	HK$'000
Unsecured bank borrowings repayable within 1 year	–	3,000
Unsecured other borrowings repayable within 1 year	–	49,954
	–	52,954

All borrowings are denominated in HK$.

The Group has repaid all bank and other borrowings during the year ended 31 March 2014.

The exposure of borrowings to various interest rates changes is as follows:

	2014	2013
	HK$'000	HK$'000
Fixed-rate borrowings	–	49,954
Variable-rate borrowings	–	3,000
	–	52,954

The ranges of effective interest rates (which are also equal to contracted interest rates) on the bank and other borrowings are as follows:

	2014	2013
Effective interest rate:		
Fixed-rate borrowings	**N/A**	8% – 10%
Variable-rate borrowings (note)	**N/A**	3.6%

Note: Such borrowing was subject to variable interest rate at HIBOR plus 3.5%.

34. CONVERTIBLE LOAN NOTES

On 30 June 2009, the Company issued convertible notes (the "**2012 Convertible Note A**") which were due on 30 June 2012 with an aggregate principal amount of HK$32,000,000. The convertible notes can convert up to an aggregate 200,000,000 ordinary shares of the Company at HK$0.16 each. The notes were denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and the maturity date. Unless previously converted, all 2012 Convertible Note A outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding in HK$. The effective interest rate of the liability component is 8.00%. On 29 June 2012, the 2012 Convertible Note A with an aggregate principal amount HK$32,000,000 was expired and reclassified to amount due to One Express Group Limited ("**One Express**"), a company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of PME Group Limited. On 6 February 2013, the Group and One Express entered into a subscription agreement in respect of the issue of a 5% coupon convertible notes (the "**2016 Convertible Note C**"), which was used to offset the amount due to One Express by the Company of HK$32,000,000. No 2012 Convertible Note A was converted into ordinary shares of the Company during the year ended 31 March 2013.

On 29 December 2011, the Company issued a 12% coupon convertible notes (the "**2014 Convertible Note B**") which were due on 28 December 2014 with an aggregate principal amount of approximately HK$40,385,000 in respect of the acquisition of the 35% equity interest in Measure Up. The 2014 Convertible Note B can convert up to an aggregate 201,925,000 ordinary shares of the Company respectively at conversion price of HK$0.20 per share. The notes were denominated in HK$ and entitled the holder to convert them into ordinary shares of the Company at any times between the date of issue of the notes and the maturity date. Unless previously converted, all 2014 Convertible Note B outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding plus accrued interest in HK$. The effective interest rate of the liability components is 13.81%. From the day immediately after the expiry of one year from the issue date, the Company may redeem all the outstanding 2014 Convertible Note B in whole at the outstanding principal amount and accrued interest. No 2014 Convertible Note B was converted into ordinary shares of the Company during the years ended 31 March 2014 and 2013. As at 31 March 2014, the 2014 Convertible Note B with an aggregate principal amount of approximately HK$40,385,000 remained outstanding (2013: HK$40,385,000) and it can be converted by the holder into 201,925,000 new ordinary shares of the Company (2013: 201,925,000) of HK$0.10 each at a conversion price of HK$0.20 per share.

34. CONVERTIBLE LOAN NOTES (Continued)

On 1 March 2013, the Company issued 2016 Convertible Note C which was due on 29 February 2016 with an aggregate amount of HK$32,000,000. The convertible notes can convert up to an aggregate 320,000,000 ordinary shares of the Company at HK$0.10 per share. The notes were denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and the maturity date. Unless previously converted, all 2016 Convertible Note C outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding on maturity date plus accrued interest in HK$. The effective interest rate of the liability components is 12.53%. From the day immediately after the expiry of one year from the issue date, the Company may redeem all the outstanding 2016 Convertible Note C in whole at the outstanding principal amount and accrued interest. No 2016 Convertible Note C was converted into ordinary shares of the Company during the years ended 31 March 2014 and 2013. As at 31 March 2014, the 2016 Convertible Note C with an aggregate principal amount of approximately HK$32,000,000 (2013: HK$32,000,000) remained outstanding and it can be converted by the holder into 320,000,000 (2013: 320,000,000) new ordinary shares of the Company of HK$0.10 each at a conversion price of HK$0.10 per share.

The shares to be issued and allotted upon conversions of the above convertible notes shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue.

Each of the above convertible loan note holder shall exercise the right of conversion to the extent that the public float of the Company will not be less than 25% of the issued share capital of the Company immediately after such conversion.

The convertible loan note holders shall not convert the convertible loan notes and the Company shall not issue any ordinary shares if, upon such issue, the convertible loan note holders and the parties acting in concert with it, shall be interested in 30% (or such amount as may from time to time that may trigger a mandatory general offer or considered by the SFC as a change in control of the Company) or more of the then enlarged issued share capital of the Company at the date of the relevant conversion. No ordinary shares will be allotted and issued in respect of any breach of the provisions under this condition.

On 7 September 2009, the Company issued convertible notes (the "**2012 Convertible Note D**") which was due on 31 December 2012 with an aggregate principal amount of HK$128,000,000. The convertible notes can convert up to an aggregate 800,000,000 ordinary shares of the Company at HK$0.16 each. The notes were denominated in HK$ and entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the notes and the maturity date. Unless previously converted, all 2012 Convertible Note D outstanding on maturity date shall be redeemed by the Company at its principal amount outstanding in HK$. The holder is also granted the options to subscribe for the optional convertible loan notes to be issued by the Company in a maximum principal sum of HK$128,000,000 convertible into maximum of 800,000,000 ordinary shares at HK$0.16 each ("**Further Subscription Option**"). The effective interest rate of the liability component is 15.00%. The 2012 Convertible Note D were fully converted in previous years and the Further Subscription Option were lapsed during the year ended 31 March 2013.

34. CONVERTIBLE LOAN NOTES (Continued)

Except for 2014 Convertible Note B and 2016 Convertible Note C, 2012 Convertible Note A is bifurcated into a liability component and an equity component. 2014 Convertible Note B and 2016 Convertible Note C contain a derivative component in addition to the liability component and an equity component. The equity component is presented in equity heading "convertible loan notes equity reserve". The movement of the liability, equity and derivative components of the convertible loan notes for the year is set out below:

	2012 Convertible Note A	2014 Convertible Note B	2016 Convertible Note C	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Liability components				
At 1 April 2012	31,424	40,046	–	71,470
Issue of convertible loan notes during the year	–	–	26,263	26,263
Reclassified to other payable	(32,000)	–	–	(32,000)
Interest paid	–	(4,847)	–	(4,847)
Imputed interest expenses (note 10)	576	5,489	279	6,344
At 31 March 2013 and 1 April 2013	–	40,688	26,542	67,230
Interest paid	–	(4,846)	(1,600)	(6,446)
Imputed interest expenses (note 10)	–	5,400	3,332	8,732
At 31 March 2014	–	41,242	28,274	69,516
Equity components				
At 1 April 2012	6,597	7,086	–	13,683
Issue of convertible loan notes during the year	–	–	10,018	10,018
Lapse of conversion option during the year (Note)	(6,597)	–	–	(6,597)
At 31 March 2013 and 1 April 2013 and 31 March 2014	–	7,086	10,018	17,104

Note: During the year ended 31 March 2013, conversion option of approximately HK$6,597,000 was lapsed upon expiry of exercise period.

34. CONVERTIBLE LOAN NOTES (Continued)

	2014 Convertible Note B HK$'000	2016 Convertible Note C HK$'000	Total HK$'000
At 31 March 2014			
Analysed for reporting purposes as			
Non-current liability	–	28,274	28,274
Current liability	41,242	–	41,242
	41,242	**28,274**	**69,516**
As at 31 March 2013			
Analysed for reporting purposes as			
Non-current liability	40,688	26,542	67,230

	2014 Convertible Note B HK$'000	2016 Convertible Note C HK$'000	2012 Convertible Note D HK$'000	Total HK$'000
Derivative components				
At 1 April 2012	(4,924)	–	7,359	2,435
Issue of convertible loan notes during the year	–	(4,281)	–	(4,281)
Change in fair value	1,416	968	(7,359)	(4,975)
At 31 March 2013 and 1 April 2013	(3,508)	(3,313)	–	(6,821)
Change in fair value	2,356	1,106	–	3,462
At 31 March 2014	(1,152)	(2,207)	–	(3,359)

The fair value of the derivative components, representing the Further Subscription Option entitled to the holder of 2012 Convertible Note D, the early redemption right of 2014 Convertible Note B and 2016 Convertible Note C entitled to the Company, was estimated at the issuance and extension of option and the end of each reporting period using Black-Scholes option pricing model and the change in fair value of that component is recognised in the profit or loss.

34. CONVERTIBLE LOAN NOTES (Continued)

The derivative component of 2014 Convertible Note B was revalued at 31 March 2014 and 2013 based on valuations by Roma Appraisal Limited, an independent valuer, determined using Black-Scholes option pricing models. The significant inputs to the models were as follows:

	31 March 2014	31 March 2013
Aggregate principal amount	**HK$40,385,000**	HK$40,385,000
Exercise price	**HK$40,385,000**	HK$40,385,000
Risk free rate	**0.177%**	0.166%
Expected volatility	**8.098%**	16.264%
Expected option period	**0.745 year**	1.745 year

The derivative component of 2016 Convertible Note C was revalued at 31 March 2014, 31 March 2013 and the date of issue of 2016 Convertible Note C on 1 March 2013 based on valuations by Roma Appraisal Limited, an independent valuer, determined using Black-Scholes option pricing models. The significant inputs to the models were as follows:

	31 March 2014	31 March 2013	1 March 2013
Aggregate principal amount	**HK$32,000,000**	HK$32,000,000	HK$32,000,000
Exercise price	**HK$32,000,000**	HK$32,000,000	HK$32,000,000
Risk free rate	**0.430%**	0.210%	0.250%
Expected volatility	**11.78%**	14.819%	18.962%
Expected option period	**1.919 year**	2.919 year	3.000 year

35. SHARE CAPITAL

	Number of shares '000	**Amount** HK$'000
Authorised:		
Ordinary shares of HK$0.1 each at 1 April 2012, 31 March 2013, 1 April 2013 and 31 March 2014	5,000,000	500,000
Issued and fully paid:		
1 April 2012, 31 March 2013 and 1 April 2013	3,166,086	316,609
Issue of shares (note)	252,300	25,230
At 31 March 2014	3,418,386	341,839

35. SHARE CAPITAL (Continued)

Note: On 1 August 2013, the Company has completed to place 252,300,000 ordinary shares of the Company at the price of HK$0.10 per placing share to certain independent third parties. Details of the transaction were set out in the Company's announcements dated 18 July 2013 and 1 August 2013.

All new shares issued during the year ended 31 March 2014 ranked pari passu in all respects with other shares in issue.

36. CORPORATE BONDS

During the year ended 31 March 2014, the Group has issued two to seven and a half years corporate bonds with aggregate principal amounts of HK$53,810,000 to eight independent third parties, net of direct expense of approximately HK$7,637,000, which are due in December 2015, January 2016, October 2020, December 2020, March 2021 and June 2021. These corporate bonds carry interest at fixed rate of 6% to 7% per annum with interest payable annually in arrears. The corporate bonds are unsecured. The effective interest rate of the corporate bonds is 9.19%-11.06%.

	2014 **HK$'000**	2013 HK$'000
After one year but within two years	**10,394**	–
After five years	**37,372**	–
Amounts shown under non-current liabilities	**47,766**	–

37. CONVERTIBLE INSTRUMENTS DESIGNATED AS FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

During the year ended 31 March 2012, an exchangeable note ("**Exchangeable Note**") with principal amount of US$7,500,000 (equivalent to approximately HK$58,500,000) was issued by Jovial Lead Limited ("**Jovial Lead**") to the Group. The Exchangeable Note bore 12% interest per annum with maturity on 15 November 2012 and convertible into 25% equity interests in China Runking to Jovial Lead.

Such Exchangeable Note was designated as financial asset at FVTPL, and the Group exercised its conversion right on 22 August 2012. Details are set out in note 23. A fair value gain of approximately HK$3,716,000 was recognised upon the exercise of the rights of conversion during the year ended 31 March 2013 (2014: nil).

38. SHARE-BASED PAYMENT TRANSACTIONS

On 19 August 2011, the Company adopted a new share option scheme (the "**2012 Scheme**") pursuant to a resolution passes at the extraordinary general meeting held on the same date. Further details are set out in the announcement of the Company dated 18 July 2011. The 2012 Scheme is valid and effective for a period of 10 years after the date of adoption.

38. SHARE-BASED PAYMENT TRANSACTIONS (Continued)

Under the terms of the 2012 Scheme, the Directors of the Company may, at their discretion, grant options to the employees, business associate, person or entity that provides research, development or other technological support to the Group or any invested entity, and 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 an invested entity (the "**Eligible Participants**"), to subscribe for shares of the Company for recognition of their contribution as incentives or rewards. Options granted must be taken up within 28 days of the date of grant.

A nominal consideration of HK$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for shares of the Company during a period of 10 years commencing on the date of acceptance of the option at a price not less than the higher of (i) the nominal value of the shares of the Company; (ii) the closing price of the shares of the Company on the Stock Exchange on the date of grant; and (iii) the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the grant of the option.

Share options granted to Directors, chief executive or substantial shareholders is subject to the approval of the independent non-executive Directors ("**INEDs**"). In addition, any grant of share options to a substantial shareholder or an INED, in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, is subject to the approval of the shareholders of the Company in a general meeting.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. Subject to the shareholders' approval, the maximum number of shares in respect of which options may be granted under the 2012 Scheme shall not exceed 10% of the shares in issue as at the date of the approval, or the maximum number of shares in respect of which options may be granted to any Eligible Participants may not exceed 1% of the shares in issue from time to time in a 12-month period. Except for the entitlements of dividends, bonus, rights declared before the exercise of options, any shares allotted and issued on the exercise of an option will rank pari passu with the other shares in issue at the date of exercise of the relevant option.

No share options had been granted or exercised during the years ended 31 March 2014 and 2013. As at 31 March 2014 and 2013, no option remained outstanding under the 2012 Scheme of the Company.

39. DISPOSAL OF SUBSIDIARIES

(a) On 3 December 2013, the Group has completed to dispose of its entire equity interest in Pegasus Financial to Total Icon Limited, an independent third party of the Group.

	HK$'000
Consideration received:	
Cash received	1,150

Analysis of assets and liabilities over which control was lost:

	HK$'000
Trade and other receivables	857
Bank balances and cash – general	18
Trade and other payables	(72)
Net assets disposed of	803
Gain on disposal of a subsidiary:	
Consideration received	1,150
Net assets disposed of	(803)
Gain on disposal	347
Net cash inflow arising on disposal:	
Cash consideration	1,150
Less: bank balances and cash disposed of	(18)
	1,132

39. DISPOSAL OF SUBSIDIARIES (Continued)

(b) As mentioned in note 15, the Group entered into an agreement to dispose of its entire equity interests in EFL Group to New Century. The completion of the disposal took place on 31 May 2012, upon which EFL Group ceased to be subsidiaries of the Group.

	HK$'000
Consideration received:	
Cash received	15,880

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	2,231
Intangible assets	480
Other non-current assets	1,572
Trade and other receivables	32,463
Bank balances and cash – trust	51,707
Bank balances and cash – general	9,261
Trade and other payables	(83,820)
Tax payables	(630)
Net assets disposed of	13,264

Gain on disposal of subsidiaries:	
Consideration received	15,880
Net assets disposed of	(13,264)
Release of translation reserve	391
Gain on disposal	3,007

Net cash inflow arising on disposal:	
Cash consideration	15,880
Less: bank balances and cash disposed of	(9,261)
	6,619

39. DISPOSAL OF SUBSIDIARIES (Continued)

(c) On 21 January 2013, the Group disposed of entire equity interest in Major Chance Limited ("**Major Chance**") at a cash consideration of HK$300,000 to Splendid Diamond Holdings Limited, an independent third party. Major Chance is principally engaged in investment holding during the period ended 21 January 2013.

	HK$'000
Consideration received:	
Cash received	300

Analysis of liabilities over which control was lost:

	HK$'000
Other payables	130

Gain on disposal of subsidiaries:	
Consideration received	300
Net liabilities disposed of	130
Gain on disposal	430

Net cash inflow arising on disposal:	
Cash consideration	300

No cash flow was contributed by Major Chance for the year ended 31 March 2013.

40. RELATED PARTY TRANSACTIONS

(a) Except as disclosed elsewhere in the consolidated financial statements, the significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	2014 HK$'000	2013 HK$'000
Brokerage commission received from directors	**24**	24
Interest received/receivables from directors	–	2

40. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

All Directors were considered to be the key management personnel of the Group as at 31 March 2014 and 2013. The remuneration of Directors during the year was as follows:

	2014	2013
	HK$'000	HK$'000
Short-term benefits	**12,979**	12,750
Post-employment benefits	**60**	60
	13,039	12,810

The remuneration of Directors was determined by the remuneration committee having regard to the performance of individuals and market trends.

41. RETIREMENT BENEFITS SCHEMES

The Group operates a Mandatory Provident Fund ("**MPF**") 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 employee's basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service entitling them to the contributions. 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.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in the PRC participate in respective government retirement benefit scheme (the "**Scheme**") whereby the subsidiaries are required to contribute to the Scheme to fund the retirement benefits of the eligible employees. Contributions made to the Scheme are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirement in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contribution under the Schemes.

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$964,000 (2013: HK$875,000) represents contributions payable to the schemes by the Group in respect of the year ended 31 March 2014.

42. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Lease for properties are negotiated for a term ranging from three months to three years and rentals are fixed at the inception of lease. No provision for contingent rent and terms of renewal were established in the lease.

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

	2014 HK$'000	2013 HK$'000
Within one year	**4,006**	15,603
In the second to fifth years, inclusive	**777**	1,623
	4,783	17,226

(ii) Capital commitment

The Group had the following capital commitment at the end of the reporting period:

	2014 HK$'000	2013 HK$'000
Contracted but not provided for:		
Investment in a joint venture	**7,279**	–

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration and operation	Class of shares held	Nominal value of issued ordinary share	Percentage of ownership interest and voting power held by the Company 2014	2013	Principal activities
F(HK)SL	Hong Kong	Ordinary	HK$180,000,000	**100%**	100%	Provision of securities brokerage and financing services
Fortune Asset Management Limited	Hong Kong	Ordinary	HK$11,000,000	**100%**	100%	Provision of asset management services
Fortune Financial	BVI	Ordinary	US$1	**100%**	100%	Investment holding
Pegasus Financial	Hong Kong	Ordinary	HK$1	**Nil**	100%	Provision for media advisory service
Fortune Wealth	Hong Kong	Ordinary	HK$6,500,000	**100%**	100%	Provision for insurance brokerage service
Fortune Immigration Investment Consulting Limited (formerly known as Fortune Immigration & Education Consulting Limited)	Hong Kong	Ordinary	HK$100,000	**100%**	100%	Provision for immigration investment consulting service
Fortune Financial Capital	Hong Kong	Ordinary	HK$10,000,000	**100%**	100%	Provision of corporate finance service
Fortune Finance Limited	Hong Kong	Ordinary	HK$10,000	**100%**	100%	Provision of money lending service

All subsidiaries are companies incorporated with limited liability in the respective jurisdictions.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the years ended 31 March 2014 and 2013.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particular excessive length.

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 31 March 2014	31 March 2013
Investment holding	BVI/Hong Kong/Cayman Islands	**9**	13
Inactive	The PRC/BVI/Hong Kong	**12**	19
		21	32

The Group did not have any non-wholly-owned subsidiaries that have material non-controlling interests.

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 HK$'000	2013 HK$'000
Non-current assets		
Plant and equipment	**976**	2,320
Interest in joint venture	**290**	–
Investments in subsidiaries	**16,380**	16,380
	17,646	18,700
Current assets		
Other receivables, deposits and prepayments	**1,365**	608
Derivative component of convertible loan notes	**3,359**	6,821
Amounts due from subsidiaries (note i)	**314,818**	375,186
Bank balances and cash – general	**38,899**	3,784
	358,441	386,399

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

	2014 HK$'000	2013 HK$'000
Current liabilities		
Trade payables, other payables and accruals	**4,806**	3,546
Convertible loan notes	**41,242**	–
Amounts due to subsidiaries (note i)	**46,269**	46,834
Tax payable	**21**	21
	92,338	50,401
Net current assets	**266,103**	335,998
Total assets less current liabilities	**283,749**	354,698
Capital and reserves		
Share capital	**341,839**	316,609
Share premium	**431,725**	431,725
Convertible loan notes equity reserve	**17,104**	17,104
Contributed surplus (note ii)	**80,657**	80,657
Accumulated losses	**(663,616)**	(558,627)
Total equity	**207,709**	287,468
Non-current liabilities		
Convertible loan notes	**28,274**	67,230
Corporate bonds	**47,766**	–
	76,040	67,230
	283,749	354,698

Notes:

i. The amount(s) due from/to subsidiaries as at 31 March 2014 and 2013 are unsecured, interest-free and repayable on demand except for amount due from a subsidiary of approximately HK$3,203,000 (2013: HK$824,000) arrived interest at 12% (2013:16%) per annum.

ii. The contributed surplus of the Company represents the difference between the fair values of the underlying net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued under the corporate reorganisation of the Group.

45. MAJOR NON-CASH TRANSACTIONS

As stated in note 23 to the consolidated financial statements, the Group acquired 25% of interests in China Runking of approximately HK$5,630,000 and an interest-free loan of HK$58,403,000 due from China Runking at a consideration of US$7,500,000 by the conversion of the Exchangeable Note during the year ended 31 March 2013. Subsequently, during the year ended 31 March 2014, the loan to an associate of US$7,500,000 (equivalent to approximately HK$58,500,000) has been capitalised as investments in China Runking.

As stated in note 34, the Group and One Express entered into a subscription agreement in respect of the issue of 2016 Convertible Note C, which was used to offset the amount due to One Express by the Company of HK$32,000,000 during the year ended 31 March 2013.

46. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Company maintained accounts with the HKSCC through which they conducted securities trading transactions and settlement on a net basis.

In presenting the amounts due from and to HKSCC (included in trade receivables or trade payables with clearing house), the Company has offset the gross amount of the accounts receivable from and the gross amount of the accounts payable to HKSCC. The amounts offset and the net balances are shown as follows:

	Gross amount HK$'000	Amount offset HK$'000	Net amount receivable (payable) HK$'000
As at 31 March 2014			
Trade receivable from HKSCC	**11,527**	**(7,491)**	**4,036**
Trade payable to HKSCC	**(9,405)**	**7,491**	**(1,914)**
As at 31 March 2013			
Trade receivable from HKSCC	23,037	(20,191)	2,846
Trade payable to HKSCC	(22,194)	20,191	(2,003)

47. CONTINGENT LIABILITIES

During the year ended 31 March 2014, the Group has provided certain counter financial guarantees to two independent third parties, which has provided financial guarantees directly to Chongqing Liangjiang New Area Small Loan Business Limited, an associate of the Group, in aggregate of approximately RMB10,000,000 (equivalent to approximately HK$12,317,000) (2013: nil).

Details are set out in the announcement of the Company dated 19 November 2013.

48. LITIGATION

In April 2014, a writ of summons was issued by an independent third party in liquidation (the "**Plaintiff**") against F(HK)SL, a subsidiary of the Company, in relation to HK$4,000,000 ("**Sum**") paid to F(HK)SL pursuant to a cheque issued by the Plaintiff in September 2009 which was transferred to a client's account maintained with F(HK)SL. The Plaintiff claimed that the Sum was money belonging to them and demanded for a refund of the Sum. As advised by the external legal adviser to the case, F(HK)SL has withheld the shares in client's account, pursuant to the terms and conditions of the client's agreement entered into between the client and F(HK)SL, F(HK)SL is entitled to set off or withhold any securities and monies held in the account against any liabilities owed by the client. Having considered the legal advice, the Directors of the Company believe that the said legal action does not have any material adverse impact on the Group's operation and financial position. As at the date of this report, the said legal action is still in progress.

49. COMPARATIVE

Certain comparative figures have been reclassified in the consolidated statement of profit or loss and other comprehensive income to conform to the presentation of the current year and such reclassification has no impact on the Group's result for the year ended 31 March 2013. In particular, for the purpose of better representation of the Group's activities, reversal of impairment loss recognised in respect of trade receivables of approximately HK$10,924,000, which had previously been recorded in "Other Revenue" in the consolidated financial statements for the year ended 31 March 2013, was presented separately in the consolidated statement of profit or loss and other comprehensive income separately.

Since the changes to the comparatives figures have not affected the consolidated statement of financial position at 1 April 2012 and 31 March 2013, accordingly, the third Consolidated Statement of financial position as at 1 April 2012 is not presented.

FIVE YEARS FINANCIAL SUMMARY

	For the year ended 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
				(Restated)	
RESULTS					
Turnover	**51,140**	46,810	47,354	75,311	80,488
Loss before tax	**(15,591)**	(71,953)	(64,009)	(31,958)	(23,664)
Income tax expense	**(32)**	–	(452)	(939)	(4,491)
Loss for the year from continuing operations	**(15,623)**	(71,953)	(64,461)	(32,897)	(28,155)
Profit (loss) for the year from discontinued operations	**–**	2,587	(5,701)	(32,618)	6,732
Loss before non-controlling interests	**(15,623)**	(69,366)	(70,162)	(65,515)	(21,423)
Non-controlling interests	**369**	364	560	145	(2,288)
Loss for the year attributable to owners of the Company	**(15,254)**	(69,002)	(69,602)	(65,370)	(23,711)
Loss per share(HK cents)					
Basic	**(0.46)**	(2.2)	(2.3)	(3.5)	(2.2)
Diluted	**(0.46)**	(2.2)	(3.2)	(3.5)	(2.2)

	As at 31 March				
	2014	2013	2012	2011	2010
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**567,489**	494,531	632,979	794,622	685,112
Total liabilities	**(258,197)**	(195,541)	(272,357)	(481,869)	(532,282)
	309,292	298,990	360,622	312,753	152,830
Non-controlling interests	**361**	(4)	(720)	(145)	(165)
	309,653	298,986	359,902	312,608	152,665