2013/14
Annual Report

Unlimited Creativity Holdings Limited

Continued in Bermuda with limited liability
Stock Code: 8079

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the "Directors") of Unlimited Creativity Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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Financial Summary

Annual results for the five years from 2010

	Year ended 31st March 2014 *HK$'000*	Year ended 31st March 2013 *HK$'000*	Year ended 31st March 2012 *HK$'000* (As restated)	Year ended 31st March 2011 *HK$'000*	Period from 1st November 2008 to 31st March 2010 *HK$'000* (As restated)
Turnover*	**37,930**	41,665	53,302	69,917	179,409
Loss for the year from continuing operations	**(12,345)**	(48,048)	(18,132)	(53,187)	(26,642)
Profit/(loss) for the year from discontinued operation	**–**	12,598	8,978	(14,128)	(32,018)
Loss for the year	**(12,345)**	(35,450)	(9,154)	(67,315)	(58,660)
Loss attributable to owners of the Company	**(12,259)**	(35,091)	(8,998)	(68,299)	(58,193)

	As at 31st March 2014 *HK$'000*	As at 31st March 2013 *HK$'000*	As at 31st March 2012 *HK$'000*	As at 31st March 2011 *HK$'000*	As at 31st March 2010 *HK$'000*
Total assets	**289,929**	234,150	305,567	204,812	161,789
Total liabilities	**21,766**	(10,340)	(32,177)	(39,094)	(28,355)
	268,163	223,810	273,390	165,718	133,434

* Included revenue from both continuing and discontinued operations

Corporate Information

Directors

Executive Directors

Mr. SHIU Yeuk Yuen – Chairman
Mr. LEUNG Ge On, Andy

Independent Non-executive Directors

Mr. SIU Yim Kwan, Sidney *S.B.St.J.*
Mr. TSUI Pui Hung *LL.B. (Hons), LL.M., BSc (Hons)*
Mr. KAM Tik Lun, *CPA, ACCA, LL.M (ICFL)*

Company Secretary

Miss MAK Suk Fan, *CPA (Aust.,) AHKSA, MBA*

Compliance Officer

Mr. LEUNG Ge On, Andy

Authorised Representatives

Mr. SHIU Yeuk Yuen
Mr. LEUNG Ge On, Andy

Audit Committee

Mr. KAM Tik Lun, *CPA, ACCA, LL.M (ICFL)*
Mr. SIU Yim Kwan, Sidney *S.B.St.J.*
Mr. TSUI Pui Hung *LL.B. (Hons), LL.M., BSc (Hons)*

Remuneration and Nomination Committee

Mr. KAM Tik Lun, *CPA, ACCA, LL.M (ICFL)*
Mr. SIU Yim Kwan, Sidney *S.B.St.J.*
Mr. TSUI Pui Hung *LL.B. (Hons), LL.M., BSc (Hons)*
Mr. SHIU Yeuk Yuen
Mr. LEUNG Ge On, Andy

Legal Adviser on the Bermuda Law

Appleby

Auditor

Ting Ho Kwan & Chan CPA Limited
9/F, Tung Ning Building.
249-253 Des Voeux Road C,
Hong Kong

Principal Share Registrar and Transfer Office

Appleby Management (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business in Hong Kong

7/F., Zung Fu Industrial Building
1067 King's Road
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409-415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

http://www.ulcreativity.com

Chairman's Statement

On behalf of the board of Directors (the "Board"), I am pleased to present to the Shareholders the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st March 2014.

REVIEW OF OPERATIONS

Since more resources have been placed in money lending business, there is a significant increase in the revenue from this business and more than 1,000 clients have been served. The amount we lent out was around HK$218 million and more than 33.2 million revenue was brought to the Group. All these figures sign we have entered the money lending market successfully.

For the securities and bonds investment, even though, in the financial year under review, the global financial markets are continuing to experience significant levels of volatility, the performance of our investment portfolios outweighed that of the general stock market and contributed satisfactory result to the Group.

PROSPECTS

In March 2013, one of the group's subsidiaries became a TransUnion member, who enables the company to obtain credit report in accordance with the Code of Practice on Consumer Credit Data issued by the Office of the Privacy Commissioner for Personal Data, Hong Kong. By virtues of the report, it enables the Company to make informed, reliable and objective decisions so as to approve loans efficiently, staying informed about our clients' credit status as well as alerting signs of potential fraud.

As money lending business was proved to bring to the Group satisfactory turnover and profit, the Group will continue actively develop this business. The Company intends to expand this business segment by continuing to provide loans to corporate and individual customers such as car loans and mortgage loans. Customers of this segment are principally sourced from cold calls to customers by consultant agents, walk-in customers and advertising via various websites, etc.

In addition, we will continue to explore opportunities to broaden the business scope with the ultimate goal to maximise the shareholders' wealth.

APPRECIATION

On behalf of the Board of Directors, I would like to express my sincere gratitude to our shareholders, clients and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow Board members for their continuous valuable contributions.

Mr. Shiu Yeuk Yuen
Chairman
Hong Kong, 26th June 2014

Management Discussion and Analysis

Operation Review

Turnover for the financial year ended 31st March 2014 was approximately HK$37.9 million, representing an increase of approximately 64.7% when compared with the continuing operations in last year. Loss attributable to owners of the Company for the year ended 31st March 2014 and the corresponding period in 2013 was approximately HK$12.3 million and HK$35.1 million respectively.

Property Investment

The rental income generated from the investment properties continued providing steady income to the Group. The turnover of this business segment for the financial year was approximately HK$0.7 million, being 28.4% increase from 2013.

The Group has two investment properties, comprising a residential unit in Diamond Hill and an industrial property in Chai Wan respectively. The two properties are held for long-term investment purposes and have been generating a very steady income stream to the Group since acquisition. Forward looking, in view of the land supply continues to be scarce in Hong Kong, the Company continues to be optimistic about the property market in Hong Kong and believes that this business segment will continue to provide revenue and benefits in the long-term to the Group and the Shareholders as a whole.

Securities and bonds Investment

In view of the volatility of the global economic environment, driven by the European sovereign debt crises and the economic downturn in the United States continues in the financial year, the Company will take more conservative step to invest in securities and bonds investment. The Company will also continue to closely monitor the relevant risk and control. Focus will be placed on corporate bonds with good credit rating. The investments will be held for short-to-medium term trading purpose. It is intended that the securities investments will provide the Group with a reasonable interest and/or dividend yield as well as capital appreciation. In the financial period under review, an amount of approximately HK$12.9 million has been recorded as loss reclassified from equity to profit or loss upon disposal of available for sale financial assets. Up to the reporting date, the strategic holding of 77,881,758 ordinary shares has been owned by the company, being 9.67% interest in China 3D Digital Entertainment Limited.

Money Lending

After actively participating in money lending business for more than two years, a solid client base has been built. In the financial year, turnover for this segment under review was approximately HK$33.2 million, representing 57.3% increased when compared with the continuing operations in 2013. A satisfactory profit was also brought from this segment.

Retail Business

The Group's current retail office in Taikoo was opened in January 2013 for the purpose of catering on-line sales and its on-line shopping service in Hong Kong is for the sales of grocery products (including frozen seafood, personal care products, stationery, electrical appliances and etc.) to the public.

Turnover for this segment in the financial period under review was approximately HK$3.9 million, being 197.7% increased from 2013. We will continue to monitor the operation and develop new market in order to increase the turnover and market share.

Outlook

Open offer on the basis of four offer shares for one share held

On 22nd November 2013, the Company has announced to raise approximately HK$50.33 million, before deduction of the relevant expenses, by issuing 503,358,524 Offer Shares at a price of HK$0.10 per Offer Share to the Qualifying Shareholders by way of Open Offer on the basis of four (4) Offer Shares for every one (1) Share held on the 21st January 2014 and payable in full on acceptance.

As the money lending business has shown satisfactory turnover and profit to the Group, the Company intends to expand its money lending business. In order to further expand the money lending business by increasing the amount of loans and advances to customers to generate more loan interests and at the same time to maintain a reasonable cash and bank balance for the healthy operation of the Company, additional financial resources is necessary for the Company so as not to limit the further expansion of the money lending business. The Board considers that the Open Offer represents an opportunity for the Company to develop its money lending business and enhance its working capital. Moreover, the Board is of the view that it is in the interests of the Company and its Shareholders as a whole to raise the capital through the Open Offer since it would allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Company.

The net proceeds from the Open Offer are expected to be approximately HK$48.3 million, which will be used (i) as to approximately HK$38.7 million for expanding its money lending business; and (ii) the remaining of approximately HK$9.6 million for general working capital and/or for the development of the Group's business. The usage of the general working capital includes the administrative expenses in a total of approximately HK$2 million per month.

The Open Offer was completed on 14th February 2014, details of the Open Offer were set out in the circular dated 27th December 2013 and the results of the Open Offer were set out in the announcement dated 13th February 2014.

Liquidity and financial resources

The Group generally financed its operations with internally generated cash flows. As at 31st March 2014, the Group had cash and cash equivalents of approximately HK$11.6 million (2013: HK$55.0 million).

As at 31st March 2014 the Group had borrowings of HK$7 million (2013: HK$6.4 million) which were used to finance the investment properties and money lending business.

As at 31st March 2014, the Group's gearing ratio, expressed as a percentage of total borrowings, (comprising amounts due to related parties, borrowings and obligation under a finance lease) less cash and cash equivalents then divided by total equity, increased to approximately 2.8% (2013: N/A%).

Charges on Group's Asset

At 31st March 2014, the Group's investment properties with carrying amount of approximately HK$21.8 million (2013: HK$22.1 million). One of the investment properties located at Portion 2 of unit B on 14/F, Chai Wan Industrial Centre, No. 20 Lee Chung Street, Hong Kong with 2 years tenancy, with carrying amount of HK$16 million (2013: HK$16.5 million), which is exceeds 5% of the Group's total assets, was pledged to a bank for a general banking facilities to the Group. Subsequent to the balance date, a Provisional Sale & Purchase Agreement was signed and the transaction will be completed on 14th July 2014.

Treasury Policies

Cash and bank deposits of the Group are mainly in HK dollars ("HK$").

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

Employees

As at 31st March 2014, the Group had around 65 (2013: 60) full-time employees. The total of employee remuneration, including that of the Directors, for the year ended 31st March 2014 amounted to approximately HK$14.1 million (2013: HK$11.9 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

Capital Structure

Details of the movements in share capital of the Company are set out in note 37 the consolidated financial statements.

Significant Acquisition and Disposal

On 23rd October 2013, the Group has exercised the conversion rights attached to a short term investment of Crosby Capital Limited's convertible bonds due 2015 in an aggregate principal amount of HK$19 million, which was acquired on 5th April 2013. After such conversion, 24,358,974 ordinary shares of Crosby Capital limited were held by the Group.

On 10th April 2014, the Company disposed of 24,358,974 Crosby Shares (representing approximately 5.48% of the total issued share capital of Crosby as at the date of disposal) for a cash consideration of approximately HK$19.49 million in open market. The consideration represented the market prices of Crosby Shares at the time of Disposal. Details refer to the announcement dated 11th April 2014.

Contingent Liabilities

The Company has executed corporate guarantees to third parties with respect to general banking facilities granted to the subsidiaries of the Company of approximately HK$4,679,000 (2013: HK$4,679,000).

On 9th October 2012, a Tenancy Agreement was jointly entered into between Wit Way Enterprises Limited, as landlord and Top Euro Limited, an indirect wholly-owned subsidiary of the Company and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited, both as tenants, in relation to the lease of an office premises. The duration of the Tenancy Agreement is for three years commencing from 1st November 2012 to 31st October 2015 with a monthly rental of HK$220,000 inclusive of management charges (equivalent to HK$2,640,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the Premises shall be paid by the Tenants in equal shares.

If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other party's outstanding Contingent Rental Liability amounting to HK$1,320,000 per annum. The taking up of the Contingent Rental Liability constitutes a provision of financial assistance under the GEM Listing Rules.

Event after the Reporting Date

Disposal of financial assets

On 23rd October 2013, the Group has exercised the conversion rights attached to a short term investment of Crosby Capital Limited's convertible bonds due 2015 in an aggregate principal amount of HK$19 million, which was acquired on 5th April 2013. After such conversion, 24,358,974 ordinary shares of Crosby Capital Limited were held by the Group.

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Disposal of investment property

On 29th May 2014, Thailand (HK) Plastic Surgery Service Limited, an indirect wholly-owned subsidiary of the Company entered into a provisional sale and purchase agreement with an independent third party in relation to the disposal of the investment property at a consideration of HK$19,350,000. The disposal of the property will be completed by 14th July 2014.

Acquisition of financial assets

On 15th May 2014, the company subscribed for the Allianz Income And Growth Fund amounting to USD1,980,000. The consideration was partially settled by cash and partially settled by a margin loan account carrying an annual interest of Bank's cost of fund plus 1% per annum. Details please refer to the announcement in The Stock Exchange of Hong Kong Limited dated 15th May 2014.

Memorandum of understanding in respect of Possible Acquisition.

On 12th June 2014, the Company entered into a non-legally binding memorandum of understanding with an independent third party (the "Target Company") pursuant to which the Company intends to acquire certain percentage of the issued share capital of the Target Company (the "Possible Acquisition"). The Target Company is principally engaged in the business of recycling, processing and marketing of metals, including ferrous and non-ferrous metals.

The Board confirms that there are no definitive agreement that has been signed and no term has been finalised, up to the reporting period, the negotiation is still in process. Details please refer to the announcement on that date.

Biographical Details of Directors and Senior Executives

Executive Directors

Mr. Shiu Yeuk Yuen ("Mr. Shiu"), aged 64, is the executive director since December 2010 and appointed as the Chairman of the Group in January 2011. Mr. Shiu has over 36 years' experience in the ceramic tile and marble and granite products industry and over 10 year's experience in securities investment.

Mr. Shiu was one of the founders and has been the executive director of Companion Building Material International Holdings Limited (together with its subsidiaries, the "CBMI Group", currently known as Pacific Century Premium Developments Ltd, stock code: 432), a company listed on The Stock Exchange of Hong Kong Limited, for the period from September 1993 to January 2002 during which he was responsible for the development of the CBMI Group's corporate strategies.

Mr. Leung Ge On, Andy ("Mr. Leung"), aged 45, is the executive director of the Company. Mr. Leung joined the Group since 2005 and was appointed as an executive director in December 2010. Mr. Leung obtained a Bachelor of Arts degree in Economics at York University in Canada. Mr. Leung has extensive experience in business development, operation and marketing management. Mr. Leung is the nephew of Mr. Shiu.

Independent Non-executive Directors

Mr. SIU Yim Kwan, Sidney ("Mr. Siu"), *S.B.St.J.*, aged 67, was appointed as an independent non-executive director and member of Audit Committee of the Company in December 2004. Mr. Siu is also the independent non-executive director of Wang On Group Limited, a listed company in Hong Kong since November 1993.

Mr. Siu is a director of The Association of The Directors & Former Directors of Pok Oi Hospital Limited which is a non-profitable association and providing community services in Hong Kong.

Mr. Siu is also a director and general vice-president of The Hong Kong Taekwondo Association Limited, a sport and non-profitable association in Hong Kong and also an executive member of a number of charitable organisations and sports associations.

Mr. TSUI Pui Hung ("Mr. Tsui"), *LL.B. (Hons), LL.M, BSc (Hons)*, aged 39, a practising solicitor of the High Court of Hong Kong, was appointed as an independent non-executive director and member of Audit Committee of the Company in June 2007. Mr. Tsui holds the degrees of a Master in Laws from University of London, Bachelor of Laws (with Honours) from Manchester Metropolitan University, Bachelor of Science (with Honours) from the Chinese University of Hong Kong, Postgraduate Certificate in Laws from the University of Hong Kong and Diploma in Translation from the Chinese University of Hong Kong. Mr. Tsui has years of management experience and is familiar with internal control issues and regulatory rules of listed company. Mr. Tsui is also an independent non-executive director of China Mandarin Holdings Limited, a company listed on the Main Board of Stock Exchange.

Mr. KAM Tik Lun ("Mr. Kam"), *CPA, ACCA, LL.M (ICFL),* aged 38, joined the Company in March 2012. Mr. Kam is the Chairman of the Audit Committee of the Company. Mr. Kam holds a Bachelor of Commerce from Concordia University, Canada and a Postgraduate Diploma in International Corporate and Financial Law from The University of Wolverhampton, UK and a Master of Laws in International Corporate and Financial Law from The University of Wolverhampton, UK. He is a member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Kam has over 10 years of experience in the financial markets. He has vast experience in providing pre-IPO consultancy, business valuation services, financial analysis and corporate advisory. Mr. Kam is also an independent non-executive director of China 3D Digital Entertainment Limited, a company listed on the GEM Board of Stock Exchange.

Corporate Governance Report

A. Corporate Governance Practices

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with most of the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31st March 2014, except for the following deviation of Code Provision A.2.1 and E.1.3.

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

The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by the same person Mr. Shiu Yeuk Yuen. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

Code provision E.1.3 provides that notice to be sent to shareholders for other general meeting except for annual general meetings should be sent at least 10 clear business days in advance, however, in the circular for the open offer on the basis of four offer shares for one share issued on 27th December 2013, the group has referenced to its bye-laws in Bermuda instead.

During the year ended 31st March 2014, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;

- to review and monitor the training and continuous professional development of the Directors and senior management;

- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

B. Securities Transactions By Directors

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year end 31st March 2014.

On 14th February 2014, the Company raised approximately HK$50.33 million, by way of Open Offer on the basis of four (4) Offer Shares for one (1) Share held.

The Open Offer was fully underwritten by Able Rich Consultants Limited ("Able Rich") and Kingston Securities Limited ("Kingston Securities"), given priority to the former company of 77% and the latter of 23% of the total number of underwritten shares in accordance with the terms and conditions in the underwriting agreement.

Able Rich is an associate of Mr. Shiu Yeuk Yuen ("Mr. Shiu") who is an existing shareholder, executive Director and the chairman of the group. Kingston Securities, as one of the underwriters, has provided a loan facility of HK$15 million for Able Rich to finance the untaken shares under the open offer.

Up to the reporting date, an aggregate of 256,430,325 shares currently owned by Able Rich and Mr. Shiu have been pledged to Kingston Securities which represent approximately 40.76% of the existing issued share capital of the company. Pursuant to the terms and conditions of such pledged arrangements, in the event of default by Able Rich, Kingston Securities will be entitled to enforce the pledged securities which may result in a transfer of voting rights in respect of such pledged securities.

As of the date of this report, the Board of Directors of the Company comprises Executive Directors who are Mr. Shiu Yeuk Yuen and Mr. Leung Ge On, Andy; and Independent Non-executive Directors who are Mr. Siu Yim Kwan, Sidney, Mr. Tsui Pui Hung and Mr. Kam Tik Lun.

C. Board of Directors

Composition of the Board, number of Board meetings and Directors' attendance

The Company's Board is comprised of experienced and highly competent individuals and a balanced composition of Executive and Non-executive Directors. 8 Board meetings were held during the financial year ended 31st March 2014. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	**Attendance/Number of Board meetings held during the year**	**Attendance/Number of General meetings held during the year**
Executive Directors		
Mr. Shiu Yeuk Yuen *(Chairman)*	8/8	2/3
Mr. Leung Ge On, Andy	8/8	3/3
Independent Non-executive Directors		
Mr. Siu Yim Kwan, Sidney	8/8	2/3
Mr. Tsui Pui Hung	8/8	3/3
Mr. Kam Tik Lun	8/8	3/3

There were 7 additional Board meetings held for normal course of business during the year.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Mr. Leung Ge On, Andy is the nephew of Mr. Shiu Yeuk Yuen. Save for the aforesaid, there is no relationship between members of the Board.

The two executive Directors are responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three independent non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

D. Appointment and Succession Planning of Directors

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Bye-laws.

Code A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election and Code A.4.2 stipulates that all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

All Independent Non-executive Directors appointed has entered into a letter of appointment with the Company for a term of one year and renewable automatically for successive terms of another year unless terminated by three-month notice in writing served by either party. Pursuant to the Company's Bye–laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

E. Chairman and Chief Executive Officer

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

Mr. Shiu Yeuk Yuen is the Chairman and Chief Executive Officer of the Company. In view of the scale of operations of the Company and the fact that daily operations of the Group's business is delegated to the senior executives and department heads, the Board considers that vesting the roles of both Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company. The Board also believes that the current structure provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. It is in the best interest of the Group to maintain the current practice for continuous efficient operations and development of the Group.

F. Remuneration Committee

A remuneration committee (the "Remuneration Committee"), consisting of three Independent Non-executive Directors and two Executive Directors, was set up by the Company in accordance with the Code. The Remuneration Committee has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

– evaluating the performance and making recommendations on the remuneration package of the Directors and senior management;

– making 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;

– reviewing and approving the management's remuneration proposals with reference to the board's corporate goals and objectives.

During the year ended 31st March 2014, the Remuneration Committee met twice with presence of all eligible members and reviewed and made recommendation on the remuneration package of Directors of the Group.

None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	**Number of meeting attended/Number of meeting held**
Mr. Siu Yim Kwan, Sidney	2/2
Mr. Tsui Pui Hung	2/2
Mr. Shiu Yeuk Yuen	2/2
Mr. Leung Ge On, Andy	2/2
Mr. Kam Tik Lun	2/2

G. Audit Committee

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. Currently it consists of three independent non-executive Directors, Mr. Kam Tik Lun, chairman of the Audit Committee, Mr. Siu Yim Kwan, Sidney and Mr. Tsui Pui Hung. Five meetings were held during the financial year ended 31st March 2014. Attendance of the members of the Audit Committee is set out below:

Name of Directors	**Number of meeting attended/Number of meeting held**
Mr. Siu Yim Kwan, Sidney	5/5
Mr. Tsui Pui Hung	5/5
Mr. Kam Tik Lun	5/5

The Company's annual results for the year ended 31st March 2014, have been reviewed by the Audit Committee.

H. Nomination Committee

A nomination committee (the "Nomination Committee") consisting of three Independent Non-executive Directors and two Executive Directors was set up by the Company in accordance with the Code. The Nomination Committee has adopted written terms of reference, which have been amended by the Board in compliance with Code Provision A5.3. The primary duties of the Nomination Committee include:

– reviewing the structure, size and composition (including but not limited to gender, age, cultural and educational background, skills, knowledge, professional experience and length of service) of the Board at least annually and making recommendations on any proposed changes to the board to complement the issuer's corporate strategy;

– nominating potential candidates for directorship;

– reviewing the nomination of directors and making recommendations to the Board on terms of such appointment;

– assessing the independence of independent non-executive directors.

The Company has adopted a board diversity policy ("Board Diversity Policy"), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender, age and length of service. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

During the year ended 31st March 2014, the Nomination Committee met once with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

I. Model Code for Securities Transactions

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31st March 2014.

The Company also has established written guidelines on no less exacting terms than the Required Standard of Dealings (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

J. Training and continuing development for directors

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also continually updated Directors on the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

K. Responsibilities in respect of the Financial Reporting

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31st March 2014.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on page 24.

L. Auditor's Remuneration

For the year ended 31st March 2014, the remuneration paid or payable to the Company's auditor, Ting Ho Kwan & Chan CPA Limited, is set out as follows:

	Fee	
	HK$'000	*HK$'000*
Statutory audit services:		
– Current		400
Non-statutory audit services:		
– Tax advisory services	–	
– Others	–	–
Total		400

M. Internal Controls

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company. During the period under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

N. Communications with Shareholders

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual, interim reports and quarterly reports, as well as the corporate website (http://www.ulcreativity.com).

O. Shareholders' Rights

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll were included in the circular to shareholders in relation to the holding of 2014 annual general meeting and explained during the proceedings of the meeting.

Save as aforesaid, pursuant to section 62 of the Bye-Laws, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and the EGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post or by email. Shareholders may also directly raise questions during the shareholders' meetings.

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

P. Compliance Adviser

On 29th January 2014, Fortune Financial Capital Limited ("the Compliance Adviser") has been appointed as the Group's compliance adviser to 31st August 2014. Whereas Proton Capital Limited had terminated its services due to recent changes in its personnel.

As at 31st March, 2014, as updated and notified by the Compliance Adviser, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 29th January 2014, none of the Compliance Adviser, or its directors, employees or associates (as defined under the GEM Listing Rules) had any interest in relation to the Company which is required to be notified to the Group, pursuant to Rule 6A.32 of the GEM Listing Rules.

Report of the Directors

The directors of the Company ("Directors") present their annual report together with the audited financial statements of the Company and the Group for the year ended 31st March 2014.

PRINCIPAL ACTIVITIES

The Group is principally engaged in money lending business, property investment, financial instruments, retail business grocery stores, medicine store and quoted shares investment in Hong Kong.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March 2014 are set out in the consolidated statement of comprehensive income on page 25 to 26 of the annual report.

The Board of Directors does not recommend the payment of a final dividend for the year ended 31st March 2014.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES

Details of the movements in property, plant and equipment and investment properties of the Group are set out in notes 16 and 17 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

Details of the movements in issued capital and share options of the Company for the year ended 31st March 2014 are set out in notes 37 and 38, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity and note 39 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

Details of the movements in distributable reserves of the Company for the year ended 31st March 2014 are set out on page 89.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st March 2014, the five largest suppliers of the Group accounted for approximately 31.5% of its operating costs for the year ended 31st March 2014. The largest supplier of the Group accounted for approximately 12.4% of its operating costs for the year ended 31st March 2014.

Sales to the Group's five largest customers accounted for approximately 12.6% of the Group's turnover for the year ended 31st March 2014. The Group's largest customer accounted for approximately 2.8% of the Group's turnover for the year ended 31st March 2014.

Save as disclosed above, if any, none of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM ("GEM Listing Rules") or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31st March 2014.

DONATION

During the year ended 31st March 2014, no donation was made by the Group (2013: HK$550,000).

DIRECTORS

The Directors who held office during the year are:

Executive Directors

Mr. Shiu Yeuk Yuen
Mr. Leung Ge On, Andy

Independent Non-executive Directors

Mr. Siu Yim Kwan, Sidney, *S.B.St.J.*
Mr. Tsui Pui Hung, *LL. B. (Hons), LL.M., BSc (Hons)*
Mr. Kam Tik Lun, *CPA, ACCA, LL.M (ICFL)*

DIRECTORS' SERVICE CONTRACTS

All of the Directors have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party to the other. Pursuant to the Company's Bye-laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in note 15 to the consolidated financial statements, respectively.

SHARE OPTION SCHEMES

On 24th September 2001, the shareholders of the Company approved a share option scheme ("the Old Scheme") under which its Board of Directors may, at its discretion, offer full-time or part time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any of its subsidiaries, options to subscribe for shares of the Company. The subscription price will be determined by the Company's Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options ("the Old Scheme").

On 4th January 2011, the shareholders of the Company approved to terminate the Old Scheme ("the Old Scheme") and adopted a new share option scheme ("the New Scheme") under which its Board of Directors may, at its discretion, offer full-time or part-time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors or consultants options to subscribe for shares of the Company. The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 10 per cent of the share capital of the Company in issue from time to time. The subscription price will be determined by the Company's Board of Directors and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices under the New Scheme are as follows for the reporting period presented:

Type of grantee	At 1st April 2013	Granted	Exercised	Outstanding * adjustment share consolidation and open offer	Expired	At 31st March 2014	Date of of grant	Exercise* period of the share options	Exercise price per share *(HK$)*
Employees									
– In aggregate	4,007,142	–	–	(3,624,921)	(382,221)	–	23rd February, 2011	23rd February 2011 to 22nd February 2014	2.009*
Other eligible person									
– In aggregate	1,020,000	–	–	(922,708)	(97,292)	–	15th February, 2011	15th February 2011 to 14th February 2014	2.218*
Total	5,027,142	–	–	(4,547,629)	(479,513)	–			
Weighted average exercise price (HK$)	**0.1957**	**–**	**–**	**–**	**2.0512**	**–**			

* This reflects the adjusted exercise prices and number of share options which have been granted and remained outstanding after the completion of share consolidation and open offer in June 2013 and February 2014 respectively.

For the year ended 31st March 2014, no option was granted. No options were outstanding under the New Scheme as at 31st March 2014.

There is no employee compensation expense which was included in the consolidated statement of comprehensive income for the year ended 31st March 2014 (2013: Nil). No liabilities were recognised due to share-based payment transactions.

The fair values of options granted were determined using the Black-Scholes valuation model.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31st March 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and 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 under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 31st March 2014
Mr. Shiu Yeuk Yuen (note 1)	9,616,200	16 (note 2)	248,761,265 (note 3)	258,377,481	41.06%
Mr. Leung Ge On, Andy (note 1)	63,000	–	–	63,000	0.01%

Notes:

1. Mr. Shiu Yeuk Yuen ("Mr. Shiu") and Mr. Leung Ge On, Andy are the Executive Directors of the Company.

2. 16 shares of the Company are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.

3. 127,140 shares of the Company are held by Heavenly Blaze Limited. Heavenly Blaze Limited is beneficially owned as to (i) 46% by Mr. Shiu Stephen Junior, son of Mr. Shiu Yeuk Yuen (being the executive Director); (ii) 34% by Mr. Shiu Yeuk Yuen and Ms. Siu York Chee (sister of Mr. Shiu Yeuk Yuen) together hold on behalf of Ms. Shiu Yo Yo and Ms. Shiu Sound Sound, daughters of Mr. Shiu Yeuk Yuen; (iii) 16% by Ms. Shiu Ting Yan, Denise, daughter of Mr. Shiu Yeuk Yuen; (iv) 1% by Mr. Cheng Jut Si; and (v) 3% by Able Rich Consultants Limited. 248,634,125 shares of the Company are held by Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder of that company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 31st March 2014, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

PRE-EMPTIVE RIGHTS

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

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

For the year ended 31st March 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the period are set out in note 41 to the consolidated financial statements.

Save as disclosed therein, there were no other transactions to be disclosed as related party transactions in accordance with the requirements of the GEM Listing Rules.

COMPETING INTEREST

None of the Directors or the controlling shareholder (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

ON 9th October 2012, a Tenancy Agreement was jointly entered into between Wit Way Enterprises Limited, as landlord and Top Euro Limited, an indirect wholly-owned subsidiary of Unlimited Creativity Holdings Limited ("Unlimited Creativity") and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited ("China 3D"), both as tenants, in relation to the lease of the Premises. The term of the Tenancy Agreement is for three years commencing from 1st November 2012 to 31st October 2015, both days inclusive, with a monthly rental of HK$220,000 inclusive of management charges (equivalent to HK$2,640,000 per annum), but exclusive of government rates and all other outgoings. The rent, government rates and all outgoings of the Premises shall be paid by the Tenants in equal shares.

The annual cap of the aggregate rental expenses could be paid by the company up to a maximum amount of HKD2.64 million, HKD2.64 million and HKD1.54 million for the years ending 31st March 2014, 2015 and period from 1st April 2015 to 31st October 2015, respectively.

Unlimited Creativity is a substantial shareholder of China 3D and interested in approximately 9.67% of the issued share capital of China 3D as at up to reporting date. Accordingly, Unlimited Creativity and China 3D are regarded as connected person of each other under the GEM Listing Rules. Therefore, the Tenancy Agreement (including the Contingent Rental Liability, being a provision of financial assistance) constitutes continuing connected transactions for each of Unlimited Creativity and China 3D under Rule 20.11(1) and 20.13(2) of the GEM Listing Rules.

The applicable percentage ratios (as defined in the GEM Listing Rules) on an annual basis for the Tenancy Agreement (including the Contingent Rental Liability, being a provision of financial assistance) for each of Unlimited Creativity and China 3D exceed 5% but are less than 25% and the annual caps under the Tenancy Agreement are less than HK$10,000,000. Accordingly, pursuant to Rule 20.34 of the GEM Listing Rules, the Tenancy Agreement (including the Contingent Rental Liability, being a provision of financial assistance) is subject to reporting and announcement requirements but exempted from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The annual cap of the continuing connected transaction for 2014 was HKD2.64 million and the actual transaction amount was HKD1.21 million, which was within the annual cap as set out in the Company's announcement dated 9th October 2012.

CONTINUING CONNECTED TRANSACTIONS *(Continued)*

Auditor's letter on continuing connected transactions

Pursuant to Rule 20.38 of the GEM Listing Rules, the Board has engaged the auditor of the Company to report the disclosed continuing connected transactions of the Group for the Year ("Disclosed CCTs") in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's letter on continuing connected transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and the auditor has reported to the Directors and concluded that the Disclosed CCTs:

(1) nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors.

(2) for transactions involving the provision of goods or services by the Group, nothing has come to our attention that causes us to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company.

(3) nothing has come to our attention that causes us to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.

(4) with respect to the aggregate amount of the continuing connected transactions, nothing has come to our attention that causes us to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value for the year ended 31st March 2014 as disclosed in the previous announcement dated 9th October 2012 made by the Company in respect of the disclosed continuing connected transactions.

Confirmation of Independent Non-executive Directors

The Independent Non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Group in the ordinary and usual course of its business, on normal commercial terms, and in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Contracts of Significance

Except for the disclosure under the heading "continuing connected transactions" above and save as detailed in note 41 to the consolidated financial statement on page 92 of this annual report. There are no contracts 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.

AUDITOR

The consolidated financial statements for the year ended 31st March 2014 were audited by Ting Ho Kwan & Chan CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the new appointment of Ting Ho Kwan & Chan CPA Limited as the auditor of the Company for the current year was passed and the effective date of the appointment was on 21st March 2014, as a result of a voluntary resignation of HLB Hodgson Impey Cheng Limited ("HLB"). The consolidated financial statements for the years ended 31st March 2013, 2012 and 2011 were audited by HLB.

On behalf of the Board
Unlimited Creativity Holdings Limited

Shiu Yeuk Yuen
Chairman

Hong Kong, 26th June 2014

丁何關陳會計師事務所有限公司
TING HO KWAN & CHAN CPA LIMITED
9/F., Tung Ning Building, 249-253 Des Voeux Road C, Hong Kong
香港德輔道中249-253號東寧大廈九樓

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF UNLIMITED CREATIVITY HOLDINGS LIMITED
(Continued into Bermuda with limited liability)

We have audited the consolidated financial statements of Unlimited Creativity Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 25 to 110, which comprise the consolidated and the Company statements of financial position as at 31st March 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor 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. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31st 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 predecessor Hong Kong Companies Ordinance.

TING HO KWAN & CHAN CPA LIMITED
Certified Public Accountants

Chan Kwan Ying
Practising Certificate Number: P05065

Hong Kong, 26th June 2014

Consolidated Statement of Comprehensive Income

For the year ended 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Revenue	5	**37,930**	23,028
Cost of sales		**(2,736)**	(1,005)
Gross profit		**35,194**	22,023
Investment and other income	6	**719**	815
Other gains and (losses), net	8	**2,917**	(48,887)
Servicing, selling and distribution costs		**(1,698)**	(2,459)
Administrative expenses		**(25,979)**	(26,434)
Gains on disposal of property, plant and equipment		**70**	7,000
Investment revaluation reserve reclassified from equity to profit or loss upon disposal of available-for-sale financial assets		**(12,954)**	46
(Impairment losses)/reversal of impairment losses on loans and advances to customers, net		**(9,659)**	976
Bad debts recovery/(bad debts written off)		**340**	(1,375)
Reversal of impairment loss on loan to an associate		**–**	1,000
Operating loss		**(11,050)**	(47,295)
Finance costs	10	**(1,100)**	(445)
Share of loss of an associate		**(285)**	–
Loss before taxation	9	**(12,435)**	(47,740)
Taxation	11	**90**	(308)
Loss for the year from continuing operations		**(12,345)**	(48,048)
Discontinued operations			
Profit for the year from discontinued operations	12	**–**	12,598
Loss for the year		**(12,345)**	(35,450)
Other comprehensive income/(loss):			
Items that have been reclassified or may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– Change in fair value		**(8,826)**	(14,202)
– Reclassified to profit or loss upon disposal		**12,954**	(46)
Other comprehensive income/(loss) for the year, net of tax		**4,128**	(14,248)
Total comprehensive loss for the year		**(8,217)**	(49,698)

Consolidated Statement of Comprehensive Income *(Continued)*

For the year ended 31st March, 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(12,259)**	(35,091)
Non-controlling interests		**(86)**	(359)
		(12,345)	(35,450)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(8,131)**	(49,339)
Non-controlling interests		**(86)**	(359)
		(8,217)	(49,698)
Loss per share	14		
From continuing and discontinued operations			
Basic and diluted		**HK$(0.07)**	HK$(0.33)
From continuing operations			
Basic and diluted		**HK$(0.07)**	HK$(0.45)

The notes on pages 34 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**3,951**	2,949
Investment properties	17	**21,800**	22,100
Interests in associates	20	**1,065**	–
Available-for-sale financial assets	21	**13,928**	24,006
Prepayments, deposits and other receivables	23	**–**	32
Loans and advances to customers	24	**66,264**	38,648
		107,008	87,735
Current assets			
Trade receivables	22	**107**	62
Prepayments, deposits and other receivables	23	**8,125**	8,883
Loans and advances to customers	24	**141,703**	72,176
Inventories	25	**258**	263
Financial assets at fair value through profit or loss	26	**20,357**	5,604
Amount due from a related company	27	**262**	262
Amounts due from associates	20	**500**	–
Tax recoverable		**–**	85
Cash and cash equivalents	28	**11,609**	54,980
		182,921	142,315
Assets classified as held for sale	29	**–**	4,100
		182,921	146,415
LIABILITIES			
Current liabilities			
Accruals, receipts in advance and other payables	30	**2,246**	2,574
Amounts due to non-controlling interests	31	**150**	150
Amounts due to related parties	33	**11,500**	–
Borrowings	34	**7,020**	6,395
Obligation under a finance lease	36	**199**	195
Provision for tax		**57**	112
		21,172	9,426
Net current assets		**161,749**	136,989
Total assets less current liabilities		**268,757**	224,724

Consolidated Statement of Financial Position *(Continued)*

At 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred tax liabilities	35	**79**	199
Obligation under a finance lease	36	**515**	715
		594	914
Net assets		**268,163**	223,810
Equity			
Equity attributable to owners of the Company			
Share capital	37	**6,292**	20,975
Reserves	39	**262,147**	201,854
		268,439	222,829
Non-controlling interests		**(276)**	981
Total equity		**268,163**	223,810

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26th June 2014 and are signed on its behalf by:

Shiu Yeuk Yuen
Director

Leung Ge On Andy
Director

The notes on pages 34 to 110 are an integral part of these consolidated financial statements.

Statement of Financial Position

At 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary	19	**1,097**	1,097
Available-for-sale financial assets	21	**12,773**	4,199
		13,870	5,296
Current assets			
Amounts due from subsidiaries	19	**270,511**	218,191
Amount due from a related company	27	**262**	262
Prepayments, deposits and other receivables	23	**1,072**	210
Financial assets at fair value through profit or loss	26	**20,071**	5,214
Cash and cash equivalents	28	**2,497**	34,593
		294,413	258,470
LIABILITIES			
Current liabilities			
Accruals, receipts in advance and other payables	30	**524**	515
Amounts due to subsidiaries	19	**40,621**	41,345
Amount due to a related company	32	**12**	12
Provision for tax		**57**	57
		41,214	41,929
Net current assets		**253,199**	216,541
Net assets		**267,069**	221,837
EQUITY			
Equity attributable to owners of the Company			
Share capital	37	**6,292**	20,975
Reserves	39	**260,777**	200,862
Total equity		**267,069**	221,837

The financial statements were approved and authorised for issue by the Board of Directors on 26th June 2014 and are signed on its behalf by:

Shiu Yeuk Yuen	**Leung Ge On Andy**
Director	*Director*

The notes on pages 34 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31st March, 2014

	Attributable to equity shareholders of the Company											
	Share capital HK$'000	Share premium* HK$'000	Capital redemption reserve* HK$'000	Accumulated losses* HK$'000	Capital reserve* HK$'000	Investment revaluation reserve* HK$'000	Revaluation reserve* HK$'000	Share option reserve* HK$'000	Contributed surplus* HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total equity HK$'000
Balance at 1st April, 2012	6,991	212,968	278	(172,346)	28,280	(148)	14,040	732	181,291	272,086	1,304	273,390
Loss for the year	–	–	–	(35,091)	–	–	–	–	–	(35,091)	(359)	(35,450)
Other comprehensive (loss)/income												
Available-for-sale finance assets												
– Change in fair value	–	–	–	–	–	(14,202)	–	–	–	(14,202)	–	(14,202)
– Reclassified to profit or loss	–	–	–	–	–	(46)	–	–	–	(46)	–	(46)
Release of revaluation reserve upon disposal of land and buildings	–	–	–	14,040	–	–	(14,040)	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	(21,051)	–	(14,248)	(14,040)	–	–	(49,339)	(359)	(49,698)
Transactions with owners												
Issue of shares upon bonus issue	13,984	(13,984)	–	–	–	–	–	–	–	–	–	–
Transaction cost attributable to issue of shares upon bonus issue	–	(184)	–	–	–	–	–	–	–	(184)	–	(184)
Disposal of a subsidiary (note 40(a))	–	–	–	–	–	–	–	–	–	–	(148)	(148)
Disposal of partial interest in a subsidiary (note 42(a))	–	–	–	–	461	–	–	–	–	461	(11)	450
Acquisition of additional interests in subsidiaries (note 42(b))	–	–	–	–	(195)	–	–	–	–	(195)	195	–
Total transactions with owners of the Company	13,984	(14,168)	–	–	266	–	–	–	–	82	36	118
Balance at 31st March, 2013	**20,975**	**198,800**	**278**	**(193,397)**	**28,546**	**(14,396)**	**–**	**732**	**181,291**	**222,829**	**981**	**223,810**
Balance at 1st April 2013	20,975	198,800	278	(193,397)	28,546	(14,396)	–	732	181,291	222,829	981	223,810
Loss for the year	–	–	–	(12,259)	–	–	–	–	–	(12,259)	(86)	(12,345)
Other comprehensive (loss)/income												
Available-for-sale financial assets												
– Change in fair value	–	–	–	–	–	(8,826)	–	–	–	(8,826)	–	(8,826)
– Reclassified to profit or loss upon disposal	–	–	–	–	–	12,954	–	–	–	12,954	–	12,954
Total comprehensive (loss)/income for the year	**–**	**–**	**–**	**(12,259)**	**–**	**4,128**	**–**	**–**	**–**	**(8,131)**	**(86)**	**(8,217)**
Transactions with owners												
Capital reduction	(19,927)	–	–	–	–	–	–	–	19,927	–	–	–
Issue of shares upon placing	210	4,506	–	–	–	–	–	–	–	4,716	–	4,716
Transaction costs attributable to issue of shares upon placing	–	(274)	–	–	–	–	–	–	–	(274)	–	(274)
Issue of shares upon open offer	5,034	45,302	–	–	–	–	–	–	–	50,336	–	50,336
Transaction costs attributable to issue of shares upon open offer	–	(2,208)	–	–	–	–	–	–	–	(2,208)	–	(2,208)
Release of share option reserve upon expiry of share options	–	–	–	732	–	–	–	(732)	–	–	–	–
Release upon disposal of subsidiaries (note 40(c))	–	–	–	1,171	–	–	–	–	–	1,171	(1,171)	–
Total transactions with owners of the Company	**(14,683)**	**47,326**	**–**	**1,903**	**–**	**–**	**–**	**(732)**	**19,927**	**53,741**	**(1,171)**	**52,570**
Balance at 31st March, 2014	**6,292**	**246,126***	**278***	**(203,753)***	**28,546***	**(10,268)***	**–***	**–***	**201,218***	**268,439**	**(276)**	**268,163**

* These reserve accounts comprise the consolidated reserves of approximately HK$262,147,000 (2013: HK$201,854,000) in the consolidated statement of financial position.

The notes on pages 34 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity *(Continued)*

For the year ended 31st March, 2014

Share premium

The application of share premium account is governed by Section 40 of the Companies Act 1981 of Bermuda.

Capital redemption reserve

Capital redemption reserve arose on the cancellation of repurchased shares and accordingly reduction of nominal value of share capital of the Company.

Capital reserve

Capital reserve represented (i) the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of shares issued by the Company as consideration thereof pursuant to the reorganisation and (ii) the difference between the consideration paid/received to obtain/release non-controlling interests in certain subsidiaries and their respective carrying amount on the date of acquisition or disposal.

Investment revaluation reserve

The investment revaluation reserve represents accumulated gains and losses arising on the revaluation of available-for-sale investments that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those investments have been disposed of or determined to be impaired.

Revaluation reserve

Revaluation reserve represents accumulated gains and losses arising on the revaluation of land and buildings that had been recognised in other comprehensive income. Such reserve had been fully released upon disposal of land and buildings in 2013.

Share option reserve

Share option reserve represents the fair value of services estimated to be received in exchange for the grant of the relevant share options over the relevant vesting periods, the total of which is based on the fair value of the share options at grant date. The amount for each reporting period is determined by spreading the fair value of the options over the relevant vesting period (if any) and is recognised as staff costs and related expenses with a corresponding increase in the share-based payment reserve. The share option reserve has been released upon expiry of share options during the year.

Contributed surplus

Contributed surplus represented the reduction of issued share capital by the amounts of approximately HK$135,319,000, HK$8,181,000, HK$32,070,000, HK$5,721,000 and HK$19,927,000 pursuant to special resolutions passed at the special general meetings of the Company on 2nd April 2008, 14th January 2009, 8th September 2010, 24th August 2011 and 17th June 2013 respectively.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company shall not declare or pay dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) it is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Consolidated Statement of Cash Flows

For the year ended 31st March, 2014

	2014	2013
	HK$'000	*HK$'000*
Operating activities		
Loss before taxation from continuing operations	**(12,435)**	(47,740)
Profit before taxation from discontinued operations	**–**	3,126
Adjustments for:		
Investment revaluation reserve reclassified from equity to profit or loss upon disposal of available-for-sale financial assets	**12,954**	(46)
Depreciation	**933**	1,728
Dividend income from financial assets at fair value through profit or loss	**(61)**	(63)
Fair value gain on early conversion of convertible bonds, classified as financial asset at fair value through profit or loss – held for trading	**(3,476)**	–
Fair value losses on financial assets at fair value through profit or loss	**868**	56,081
Fair value losses/(gains) on investment properties	**300**	(7,515)
Over-provision of accruals	**(217)**	–
Finance costs	**1,100**	445
Interest income from available-for sale financial assets	**(162)**	(590)
Interest income from held-to-maturity investments	**–**	(20)
Interest income from banks	**(18)**	(3)
Loss on property, plant and equipment written off	**–**	3,666
Gains on disposal of property, plant and equipment	**(70)**	(7,000)
Net losses on disposal of financial assets at fair value through profits or loss	**130**	312
Bad debts written off	**–**	1,375
Impairment losses on loans and advances to customers	**10,233**	791
Reversal of impairment losses on loans and advances to customers	**(574)**	(1,767)
Reversal of impairment loss on loan to an associate	**–**	(1,000)
Share of loss of an associate	**285**	–
Operating cash flows before changes in working capital	**9,790**	1,780
Decrease/(increase) in inventories	**5**	(263)
Increase in trade receivables	**(45)**	(878)
Decrease/(increase) in prepayments, deposits and other receivables	**790**	(1,419)
Dividend received from financial assets at fair value through profit or loss	**61**	63
Increase in loans and advances to customers	**(106,802)**	(13,961)
Decrease in amount due from a related company	**–**	349
(Decrease)/increase in accruals, receipts in advance and other payables	**(111)**	2,853
Purchase of financial assets at fair value through profit or loss	**(22,716)**	(61,537)
Proceeds from disposal of financial assets at fair value through profit or loss	**10,441**	45,630
Net cash used in operations	**(108,587)**	(27,383)
Interest received from banks	**18**	3
Income tax paid	**–**	(554)
Net cash used in operating activities	**(108,569)**	(27,934)

Consolidated Statement of Cash Flows *(Continued)*

For the year ended 31st March, 2014

	Notes	2014 HK$'000	2013 HK$'000
Investing activities			
Interest received from available-for-sale financial assets		**238**	519
Interest received from held-to-maturity investments		**–**	20
Net cash inflow of held-to-maturity financial assets		**–**	760
(Advance to)/repayment from an associate		**(500)**	1,000
Purchase of investment properties		**–**	(4,485)
Purchase of property, plant and equipment		**(1,935)**	(1,973)
Purchase of available-for-sale financial assets		**(18,397)**	(13,770)
Proceeds from disposal of available-for-sale financial assets		**19,573**	7,114
Proceeds from disposal of investment properties		**4,100**	–
Investment in an associate		**(1,350)**	–
Net cash outflow on disposal of subsidiaries	40(a)&(b)	**–**	(136)
Proceeds from disposal of property, plant and equipment		**70**	74,000
Net cash generated from investing activities		**1,799**	63,049
Financing activities			
Interest and finance charges paid		**(1,100)**	(406)
Proceeds from allotment of shares upon placing		**4,716**	–
Proceeds on disposal of partial interest in a subsidiary		**–**	450
Proceeds from open offer of shares		**50,336**	–
Payment for transaction cost attributable to issue of shares		**(2,482)**	(136)
Repayment of obligation under a finance lease		**(196)**	(61)
Repayment of loans		**(13,775)**	(18,304)
Drawdown of loans		**25,900**	3,000
Net cash generated from/(used in) financing activities		**63,399**	(15,457)
Net (decrease)/increase in cash and cash equivalents		**(43,371)**	19,658
Cash and cash equivalents at the beginning of the year		**54,980**	35,322
Cash and cash equivalents at the end of the year		**11,609**	54,980
Analysis of the balances of cash and cash equivalents	28		
Cash held by securities brokers		**752**	36,063
Cash and bank balances		**10,857**	18,917
		11,609	54,980

Notes to the Financial Statements

For the year ended 31st March, 2014

1. GENERAL INFORMATION

Unlimited Creativity Holdings Limited (the "Company") was an exempted company continued into Bermuda with limited liability with effect from 30th April 2008. The address of its registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The principal places of business of the Company and its subsidiaries (the " Group") are in Hong Kong. The Company's principal place of business in Hong Kong is 7/F., Zung Fu Industrial Building, 1067 King's Road, Hong Kong. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in the money lending business, groceries store business, property investment and financial instruments and quoted shares investment in Hong Kong.

Pursuant to a special resolution passed by the Company's shareholders on 8th November 2010, the name of the Company has been changed from "B.A.L. Holdings Limited" to "Unlimited Creativity Holdings Limited" and has registered "無限創意控股有限公司" as its secondary name.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 26th June 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which also includes Hong Kong Accounting Standards ("HKAS") and Interpretations ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the predecessor Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The consolidated financial statements for the year ended 31st March 2014 comprise the Company and its subsidiaries (together the "Group") and the Group's interests in associates.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair value. The accounting policy on financial assets is summarised in note 2(h).

These consolidated financial statements are presented in Hong Kong dollars ("HKD" or "HK$") and all values are rounded to the nearest thousand except where otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(j) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). The results of the subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Business combinations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation *(Continued)*

(ii) Business combinations (Continued)

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

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

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment’ at the acquisition date; and

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

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on a bargain purchase.

(iii) Associates

An associate is an entity in which the Group has significant influence but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group’s share of the acquisition-date fair values of the investee’s identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group’s share of the investee’s net assets and any impairment loss relating to the investment. Any acquisition-date excess over cost, the Group’s share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in profit or loss, whereas the Group’s share of the post-acquisition post-tax items of the investees’ other comprehensive income is recognised in the consolidated other comprehensive income.

When the Group’s share of losses of an associate equals to or exceeds its interest in the associate, the Group discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the Group’s net investment in the associate. After the Group’s interest is reduced to zero, additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of consolidation *(Continued)*

(iii) Associates (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

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

(c) Property, plant and equipment

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

Depreciation is recognised so as to write off the cost or valuation of items of property, plant and equipment, less their estimated residual values, if any, over their useful lives, using straight-line method, at the following rates per annum:

Land	Over period of the lease
Buildings	50 years
Leasehold improvements	20% or over the lease terms, if shorter
Equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%
Equipment under finance leases	20%

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rentals and/or for capital appreciation are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

(e) Non-current assets held for sales

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

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

Non-current assets (or disposal group) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs of disposal except for investment properties which are measured at fair value under HKAS 40 "Investment Property".

(f) Leases

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

The Group as lessor

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

The Group as lessee

(i) Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

(h) Financial assets

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of financial assets 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 are classified into the following specified categories: held-to-maturity investments, financial assets at fair value through profit or loss, 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial assets *(Continued)*

(i) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

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 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 fair value through profit or loss upon initial recognition if:

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Any dividend or interest earned on the financial asset is included in the "Investment and other income" line item.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial assets *(Continued)*

(iii) 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 loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Gain or loss on fair value changes of available-for-sale financial assets are recognised in other comprehensive income and accumulated separately in equity under investment revaluation reserve, except for impairment losses and foreign exchange gains or losses resulting from changes in the amortised cost of debt securities which are recognised directly in profit or loss. When the available-for-sale financial assets are disposed of or are determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on finance assets below).

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

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

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including loans and advances to customers, trade receivables, deposits and other receivables, amount due from a related company, amount due from an associate and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the equity 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 a default or delinquency in interest or principal payments; or
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
    - (i) adverse changes in the payment status of borrowers in the portfolio;
    - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, 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 the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated separately in equity under the investment revaluation reserve. In respect of available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the debt investments can be objectively related to an event occurring after the recognition of the impairment 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 was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(j) 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.

(i) Equity instruments

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

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

(ii) Other financial liabilities

Other financial liabilities (including accruals and other payables, amounts due to related parties, amounts due to non-controlling interests and borrowings) are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liabilities for at least 12 months after the end of reporting period.

Effective interest method

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) 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 financial asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

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

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted-average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks, other financial institutions and securities brokers, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Borrowing costs

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

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

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

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of the tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Retirement benefit costs and short term employee benefit

(i) Retirement benefits costs

Retirement benefits to employees are provided through a defined contribution plan.

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries. 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, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

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

(ii) Short-term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Retirement benefit costs and short term employee benefit *(Continued)*

(iii) Share-based employee compensation

All share-based payment arrangements granted after 7th November 2002 and had not vested on 1st November 2005 are recognised in the consolidated financial statements. The Group operates equity-settled share-based compensation plans for remuneration of its employees.

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

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

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

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

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee contracts

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

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

- the amount of the obligation under the contract, as determined in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and

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

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

(i) Sales of goods are recognised upon transfer of the significant risks and rewards of ownership to the customer. This is usually taken as the time when the goods are delivered and the customer has accepted the goods;

(ii) Revenue arising from money lending is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;

(iii) Rental income is recognised on a straight-line basis over the term of the lease;

(iv) Interest income is recognised on a time-proportion basis using the effective interest method;

(v) Dividend income is recognised when the shareholder's right to receive payment is established prior to the end of reporting period;

(vi) Revenue arising from the sales of properties held for resale is recognised upon signing of the sale and purchase agreement or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits received on properties sold prior to the date of revenue recognition are included in the statement of financial position under deposits received; and

(vii) Management fee income is recognised when services are rendered.

(s) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Foreign currencies *(Continued)*

(ii) Transactions and balances

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

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

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

- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

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

(t) Segment reporting

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

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

(u) Discontinued operations

A discontinued operation is a component of the group's business, the operations and cash flows of which can be clearly distinguished from the rest of the group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of consolidated statement of comprehensive income, which comprises (i) the post-tax profit or loss for the discontinued operation; and (ii) the post-tax gain or loss recognised on the measurement to fair value less costs of disposal, or on the disposal, of the assets or disposal group constituting the discontinued operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

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

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

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued certain new and revised HKFRSs and amendments to HKFRSs that are first effective for current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

Amendments to HKAS 1	Amendments to HKAS 1 Presentation of financial statements – Presentation of items of other comprehensive income
Amendments to HKFRS 7	Amendments to HKFRS 7 financial instruments: Disclosures – offsetting financial assets and financial liabilities
Amendments to HKFRS 10, 11 and 12	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (2011)	Employee benefits
HKAS 27 (2011)	Separate financial statements
HKAS 28 (2011)	Investments in associates and joint ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 Cycle

The principal effects of adopting these new and revised HKFRSs are summarised as follows:

Amendments to HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of comprehensive income in these financial statements has been modified accordingly. In addition, the Group has still chosen to use the existing title of "consolidated statement of comprehensive income" instead of using the new title of "consolidated statement of profit or loss and other comprehensive income" as introduced by the amendments in these consolidated financial statements.

Amendments to HKFRS 7

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an impact on these consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosure of HKFRS 7 during the years presented.

3. CHANGES IN ACCOUNTING POLICIES *(Continued)*

HKFRS 10 Consolidated financial statements

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) – Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 changes the definition of control such that an investor has control over 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 to affect its 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 adoption of HKFRS 10, the Group has changed its accounting policy with respect to determine whether it has control over an investee. The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities as at 1st April 2013.

HKFRS 12, Disclosure of interests in other entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 20.

HKFRS 13, Fair value measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in notes 18 and 46. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or a reclassification has a material effect on the information presented in the opening statement of financial position. The amendments also remove the requirement to present related notes to the opening statement of financial position when such statement is presented.

The adoption of other new and revised HKFRSs, and amendments to HKFRSs in the current year has no material impact on the Group's financial performance and position for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

The Company has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period (see note 49).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's management makes assumptions, estimates and judgements in the process of applying the Group's accounting policies that affect the assets, liabilities, income and expenses in the financial statements prepared in accordance with HKFRSs. The assumptions, estimates and judgements are based on historical experience and other factors that are believed to be reasonable under the circumstances. While the management reviews their judgements, estimates and assumptions continuously, the actual results will seldom equal to the estimates.

(a) Key assumption and other key sources of estimation uncertainty

Certain key assumptions and risk factors in respect of the financial risk management are set out in note 46. Other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out as follows:

(i) Estimated fair value of investment properties

The investment properties of the Group were stated at fair value. The fair value of the investment properties are determined by RHL Appraisal Limited ("RHL"), an independent qualified professional valuer. The valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results.

In making the judgement, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group.

(ii) Income taxes

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

(iii) Deferred tax assets

Deferred tax assets are recognised for all temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available in the future against which the temporary differences, the carry forward of unused tax credits and unused tax losses could be utilised. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted at the end of the reporting period and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Where the actual or expected tax positions in future are different from the original estimate, such difference will impact the recognition of deferred tax assets and income tax expense in the period in which such estimate has been changed.

(iv) Impairment of loans and advances to customers

The policy for impairment of loan receivables of the Group is based on the evaluation of collectability and ageing analysis of the loans and advances to customers and on management's judgements. A considerable amount of judgement is required in assessing the ultimate realisation of loans and advances to these customers, if applicable, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance for impairment may be required.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Key assumption and other key sources of estimation uncertainty *(Continued)*

(v) Impairment of other non-financial assets

The Group assesses at each reporting period whether there is any indication that other non-financial assets with finite lives may be impaired. If any such indication exists, the Group estimates the recoverable amount of the assets. In assessing whether there is any indication that other non-financial assets may be impaired, the Group considers indications from both internal and external sources of information such as evidence of obsolescence or decline in economic performance of the assets, changes in market conditions, economic environment and customers' tastes. These assessments are subjective and require management's judgements and estimations.

5. REVENUE

Revenue, which is also the Group's turnover, comprised of (i) rental income based on the terms of the lease of investment properties, (ii) interest income from rendering money lending services and (iii) invoiced sales value of grocery products to customers.

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Rental income from investment properties	**705**	549
Money lending services	**33,277**	21,153
Sales of grocery products	**3,948**	1,326
	37,930	23,028

6. INVESTMENT AND OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Continuing operations:		
Commission income	**36**	–
Dividend income from financial assets at fair value through profit or loss	**61**	63
Interest income from available-for-sale financial assets	**162**	590
Interest income from held-to-maturity investments	**–**	20
Interest income from banks	**18**	3
Rental income from letting of		
– office premises	**36**	6
– office equipment	**57**	–
Over-provision of accruals	**217**	–
Others	**132**	133
	719	815

7. SEGMENT INFORMATION

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, and comprises (i) money lending; (ii) property investment; (iii) securities investment; and (iv) retail business.

For the year end 31st March 2013, the Group discontinued reportable and operating segments regarding the provision of clinical services and provision of beauty services and sale of beauty products. Detail of the discontinued operations were set out in note 12.

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

7. SEGMENT INFORMATION *(Continued)*

(I) (i) Consolidated Statement of Comprehensive Income

For the year ended 31st March 2014

	Money lending *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue from external customers	33,277	705	–	3,948	37,930
Investment and other income	191	–	241	13	445
Other gains and (losses), net	2	(300)	3,185	–	2,887
	33,470	405	3,426	3,961	41,262
Segment results	25,063	(793)	3,275	(246)	27,299
Unallocated income					303
Unallocated expenses					(16,449)
Gain on disposal of property, plant and equipment					70
Investment revaluation reserve reclassified from equity to profit or loss upon disposal of available-for-sale financial assets	–	–	(12,954)	–	(12,954)
Impairment losses on loans and advances to customers, net	(9,659)	–	–	–	(9,659)
Bad debts recovery	340	–	–	–	340
Operating loss					(11,050)
Finance costs	(1,012)	(71)	(17)	–	(1,100)
Share of loss of an associate	–	–	–	(285)	(285)
Loss before taxation					(12,435)
Taxation					90
Loss for the year from continuing operations					(12,345)

7. SEGMENT INFORMATION *(Continued)*

(I) (ii) Consolidated Statement of Financial Position

At 31st March 2014

	Money lending *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'000*	Total *HK$'000*
Segment assets	**211,616**	**23,277**	**48,385**	**2,300**	**285,578**
Unallocated assets					**4,351**
Total assets					**289,929**
Segment liabilities	**15,877**	**3,314**	**725**	**67**	**19,983**
Unallocated liabilities					**1,783**
Total liabilities					**21,766**
Other segment information					
Capital expenditure	**–**	**48**	**–**	**38**	**86**
Unallocated portion					**1,849**
Total capital expenditure					**1,935**

(I) (iii) For the year ended 31st March 2014

	Money lending *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'000*	Total *HK$'000*
Interest income	**–**	**–**	**180**	**–**	**180**
Unallocated portion					**–**
Total interest income					**180**
Depreciation and amortisation	**14**	**307**	**–**	**11**	**332**
Unallocated portion					**601**
Total depreciation and amortisation					**933**
Other non-cash items other than those disclosed in I(i) and above					
Fair value gain on early conversion of convertible bonds, classified as financial assets at fair value through profit or loss – held for trading	**–**	**–**	**3,476**	**–**	**3,476**
Fair value losses on financial assets at fair value through profit or loss	**–**	**–**	**(868)**	**–**	**(868)**
Fair value losses on investment properties	**–**	**(300)**	**–**	**–**	**(300)**
Investment in associate:					
Additions to non-current assets	**–**	**–**	**–**	**1,350**	**1,350**

7. SEGMENT INFORMATION *(Continued)*

(II) (i) Consolidated Statement of Comprehensive Income

For the year ended 31st March 2013

	Money lending *HK$'000*	Property investment *HK$'000*	Securities investment *HK$'000*	Retail business *HK$'000*	Total *HK$'000*
Segment revenue					
Revenue from external customers	21,153	549	–	1,326	23,028
Investment and other income	133	1	673	–	807
Other gains and (losses), net	–	7,273	(56,396)	–	(49,123)
	21,286	7,823	(55,723)	1,326	(25,288)
Segment results	11,976	3,735	(55,993)	(536)	(40,818)
Unallocated income					8
Unallocated expenses					(13,132)
Gains on disposal of property, plant and equipment	–	7,000	–	–	7,000
Investment revaluation reserve reclassified from equity to profit or loss upon disposal of available-for-sale financial assets	–	–	46	–	46
Reversal of impairment losses on loans and advances to customers, net	976	–	–	–	976
Bad debts written off	(1,375)	–	–	–	(1,375)
Operating loss					(47,295)
Finance costs	(118)	(280)	(47)	–	(445)
Loss before taxation					(47,740)
Taxation					(308)
Loss for the year from continuing operations					(48,048)

7. SEGMENT INFORMATION *(Continued)*

(II) (ii) Consolidated Statement of financial position

At 31st March 2013

	Money lending	Property investment	Securities investment	Retail business	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	124,246	24,735	30,625	946	180,552
Unallocated assets					49,498
Assets classified as held for sale					4,100
Total assets					234,150
Segment liabilities	3,402	3,993	40	132	7,567
Unallocated liabilities					2,773
Total liabilities					10,340
Other segment information					
Capital expenditure	–	1,501	–	28	1,529
Unallocated portion					1,415
Total capital expenditure					2,944

(II) (iii) For the year ended 31st March 2013

	Money lending	Property investment	Securities investment	Retail business	Total
Interest income	–	1	611	–	612
Unallocated portion					1
Total interest income					613
Depreciation and amortisation	14	74	–	5	93
Unallocation portion					1,004
Total depreciation and amortisation					1,097
Other non-cash items other than those disclosed in (II)(i) and above					
Fair value gains on investment properties	–	7,515	–	–	7,515
Fair value losses on financial assets at fair value through profit or loss	–	–	(56,081)	–	(56,081)
Loss on property, plant and equipment written off	–	242	–	–	242

7. SEGMENT INFORMATION *(Continued)*

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31st March 2014 (2013: nil).

Segment results represent the (loss)/profit generated by each segment without allocation of central administration costs, share-based payments, share of losses of associates, investment revaluation reserve reclassified from equity to profit or loss upon disposal of available-for-sale financial assets, finance costs, gains on disposal of property, plant and equipment, impairment losses/reversal of impairment losses on loans and advances to customers – net, bad debts recovery/bad debts written off and taxation. This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

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

- All assets other than unallocated corporate assets and asset held for sale are allocated to reportable segments; and

- All liabilities other than unallocated corporate liabilities, provision for tax and deferred tax liabilities are allocated to reportable segments.

Information about major customers

No single customers contributed 10% or more to the Group's revenue for the years ended 31st March 2014 and 2013.

Geographical information

The Group's operations are located in one main geographical area. The following table provides an analysis of the Group's revenue by geographical market based on the geographical location of customers, irrespective of the origin of the goods and services.

(i) Revenue from external customers by geographical market:

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong	**37,930**	23,028

(ii) Majority of the segment assets and non-current assets (excluding financial instruments) of the Group is located in Hong Kong.

8. OTHER GAINS AND LOSSES, NET

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Net exchange losses	**(51)**	(9)
Gain on early conversion of convertible bonds classified as financial asset at fair value through profit or loss –held for trading		
– Fair value gain (note 26)	**3,476**	–
– Rebate on early conversion	**760**	–
Fair value losses on financial assets at fair value through profit or loss	**(868)**	(56,081)
Fair value (losses)/gains on investment properties (note 17)	**(300)**	7,515
Net losses on disposal of financial assets at fair value through profit or loss	**(130)**	(312)
Sundry income	**30**	–
	2,917	(48,887)

Note:

(i) Impairment losses/reversal of impairment losses/bad debts written off that were previously included in other gains and losses, net are now presented on the face of the consolidated statement of comprehensive income. Loss on property, plant and equipment written off that were previously included in other gains and losses, net are now included in administrative expenses.

(ii) Net losses of approximately HK$130,000 (2013: HK$312,000) on disposal of financial assets at fair value through profit or loss that were previously included in fair value losses on financial assets at fair value through profit or loss are now separately disclosed and presented.

Certain comparative figures have been reclassified to conform to current year's presentation.

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

	2014 HK$'000	2013 HK$'000
Continuing operations		
Auditors' remuneration	**400**	380
Cost of inventories recognised as expenses	**2,736**	1,005
Loss on property, plant and equipment written off	**–**	2,910
Operating leases payments in respect of land and buildings	**1,957**	1,437
Rental income net of outgoings in respect of investment properties	**(692)**	(449)
Employee benefit expense (including directors' remuneration) (note 15)		
– Basic salaries, allowances and other benefits in kind	**13,662**	11,597
– Retirement benefit scheme contributions	**395**	314
Total employee benefit expenses	**14,057**	11,911
Depreciation of property, plant and equipment		
– Owned assets	**739**	1,000
– Held under finance lease	**194**	97
	933	1,097

10. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest expenses on:		
Bank borrowing not wholly repayable within five years	**71**	280
Other loans wholly repayable within five years	**1,012**	118
Bank overdrafts	**1**	38
	1,084	436
Finance charge on obligation under a finance lease	**16**	9
	1,100	445

11. TAXATION

No provision for Hong Kong Profits Tax has been made for the companies in the Group as they either have no assessable profits or have available tax losses brought forward from prior years to offset against current year's estimated assessable profits (2013: Nil).

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Current tax:		
Hong Kong		
– Charge for the year	–	–
– Under-provision in prior years	30	494
	30	494
Deferred tax: (note 35)		
– Credit for the year	(10)	(186)
– Over-provision in prior years	(110)	–
	(120)	(186)
Taxation (credit)/charge	(90)	308

Included in other comprehensive income, no income tax expense was in relation to each component of other comprehensive income for the years ended 31st March 2014 and 2013.

Continuing operations

The tax (credit)/charge for the year can be reconciled to the loss before taxation per the consolidated statement of comprehensive income as follows:

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
Loss before taxation	(12,435)	(47,740)
Tax on loss before taxation, calculated at the domestic income tax rate of 16.5% (2013: 16.5%)	(2,051)	(7,877)
Tax effect of non-taxable revenue	(80)	(3,477)
Tax effect of non-deductible expenses	799	2,973
Tax effect of unused tax loss not recognised	3,869	8,403
Tax effect of utilisation of tax losses previously not recognised	(3,416)	(147)
Tax effect of temporary differences not recognised	822	125
Tax effect of unrecognised deferred tax items	–	(186)
Tax effect of share of loss of an associate	47	–
(Over)/under-provision of current and deferred tax in prior years	(80)	494
Taxation (credit)/charge	(90)	308

12. DISCONTINUED OPERATIONS

During the year ended 31st March, 2013, the Group disposed of its entire interest in (i) Be A Lady (Macau) Limited and Be A Lady (Site 1) Medical Limited (collectively referred to as the "Be A Lady Group") and (ii) The Specialists Limited ("The Specialists"). Following the disposal of the Be A Lady Group and The Specialists, the Group ceased its business in clinical services and provision of beauty services and sale of beauty products and accordingly they were presented as discontinued operations. The consolidated statement of comprehensive income and the consolidated statement of cash flows of the discontinued operations were set out below and details of disposal of the above subsidiaries were set out in note 40 respectively.

	2014	2013
	HK$'000	*HK$'000*
Revenue	–	18,637
Cost of sales	–	(7,876)
Gross profit	–	10,761
Investment and other income	–	1,847
Other gains and losses, net	–	(802)
Servicing, selling and distribution costs	–	(6,820)
Administrative expenses	–	(1,860)
Profit before taxation	–	3,126
Taxation	–	–
Profit after taxation	–	3,126
Gain on disposal of operations (note 40(a) and (b))	–	9,472
Profit for the year from discontinued operations	–	12,598
Profit for the year from discontinued operations attributable to:		
Owners of the Company	–	12,671
Non-controlling interests	–	(73)
	–	12,598

12. DISCONTINUED OPERATIONS *(Continued)*

	2014	2013
	HK$'000	*HK$'000*
Auditors' remuneration	–	–
Depreciation	–	631
Net exchange losses	–	45
Loss on property, plant and equipment written off	–	756
Management fee income	–	(1,847)
Operating leases payments in respect of land and buildings	–	4,393
Employee benefit expenses (including directors' remuneration) (note 15)		
Basic salaries, allowances and other benefits in kind	–	1,433
Retirement benefit scheme contributions	–	37
Total employee benefit expenses	–	1,470

The consolidated cash flows from discontinued operations are set out as belows:

	2014	2013
	HK$'000	*HK$'000*
Net cash used in operating activities	–	102
Net cash used in investing activities	–	136
Net cash outflow	–	238

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$1,819,000 (2013: loss of HK$32,529,000).

14. LOSS PER SHARE

From continuing and discontinued operations

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

	2014	2013
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company	**(12,259)**	(35,091)

	2014	2013
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**179,168,000**	104,880,000

14. LOSS PER SHARE *(Continued)*

The weighted average number of shares for the purposes of calculating basis and diluted loss per share for both years has been adjusted to reflect (i) the share consolidation occurred during the year which was adjusted in last reporting period, and (ii) issue of shares upon the open offer and placing occurred during the year. Details of issue of shares and share consolidation are set out in note 37 to the consolidated financial statements.

Diluted earnings per share for the years ended 31st March 2014 and 2013 were the same as the basic loss per share. The Company's outstanding share options as at 31st March 2013 were not included in the calculation of diluted loss per share because the effects of the exercise of the Company's outstanding share options were anti-dilutive. The Company's outstanding share options have expired during the year.

From continuing operations

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

	2014	2013
	HK$'000	*HK$'000*
Attributable to owners of the Company:		
Loss for the year from continuing operations	**(12,259)**	(47,762)

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operations

Basic and diluted earnings per share for discontinued operations is HK$NIL per share (2013: HK$0.12 per share), based on the profit for the year from discontinued operations attributable to owners of the Company of approximately HK$NIL (2013: HK$12,671,000) and the denominators as detailed above for both basic and diluted loss per share.

15 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments

The remuneration of each director for the year ended 31st March 2014 is set out below:

	For the year ended 31st March, 2014			
	Fees	**Salaries, allowances, and benefits in kind**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Executive Directors				
Mr. SHIU Yeuk Yuen, the Chief Executive	**–**	**1,473**	**15**	**1,488**
Mr. LEUNG Ge On, Andy	**–**	**520**	**15**	**535**
	–	**1,993**	**30**	**2,023**
Independent non-executive directors				
Mr. SIU Yim Kwan, Sidney	**100**	**–**	**–**	**100**
Mr. TSUI Pui Hung	**100**	**–**	**–**	**100**
Mr. KAM Tik Lun	**100**	**–**	**–**	**100**
	300	**–**	**–**	**300**
	300	**1,993**	**30**	**2,323**

Directors' emoluments

The remuneration of each director for the year ended 31st March 2013 is set out below:

	For the year ended 31st March, 2013			
	Fees	Salaries, allowances, and benefits in kind	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors				
Mr. SHIU Yeuk Yuen, the Chief Executive	–	622	15	637
Mr. LEUNG Ge On, Andy	–	505	15	520
	–	1,127	30	1,157
Independent non-executive directors				
Mr. SIU Yim Kwan, Sidney	100	–	–	100
Mr. TSUI Pui Hung	100	–	–	100
Mr. KAM Tik Lun	100	–	–	100
	300	–	–	300
	300	1,127	30	1,457

15 DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS *(Continued)*

Except as disclosed above, there was no remuneration paid to other Directors of the Company for the years ended 31st March 2014 and 2013.

During the year, no emolument was paid by the Group to its Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2013: nil).

None of the Directors of the Company has waived any emoluments during the year (2013: none).

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two Directors of the Company (2013: one) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2013: four) individuals in which all of them (2013: three) were senior management during the year are as follows:

	2014	2013
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,343**	5,777
Retirement benefit scheme contributions	**42**	40
	2,385	5,817

The emoluments of the highest paid three individuals (2013: four) for the year fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
Nil – HK$1,000,000	**2**	2
HK$1,000,001 – HK$1,500,000	**1**	1
HK$1,500,001 – HK$3,000,000	**–**	–
HK$3,000,001 – HK$4,500,000	**–**	1
	3	4

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Long term leasehold land and buildings in Hong Kong	Leasehold improvements	Equipment	Furniture and fixtures	Motor vehicles	Equipment under finance lease	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost/valuation							
At 1st April 2012							
– at valuation	67,300	–	–	–	–	–	67,300
– at cost	–	8,805	11,039	196	1,177	–	21,217
Additions	–	1,501	40	432	–	971	2,944
Disposal/written off	(67,300)	(8,805)	(11,001)	(164)	(178)	–	(87,448)
At 31st March 2013 and 1st April 2013							
– at cost	–	1,501	78	464	999	971	4,013
Additions	–	391	130	244	1,170	–	1,935
Disposal/written off	–	–	–	–	(669)	–	(669)
At 31st March 2014							
– at cost	–	1,892	208	708	1,500	971	5,279
Accumulated depreciation and impairment							
At 1st April 2012	300	6,404	8,311	142	961	–	16,118
Depreciation	–	487	1,001	37	106	97	1,728
Reversal upon disposal/written off	(300)	(6,866)	(9,292)	(146)	(178)	–	(16,782)
At 31st March 2013 and 1st April 2013	–	25	20	33	889	97	1,064
Depreciation	–	350	28	141	220	194	933
Reversal upon disposal/written off	–	–	–	–	(669)	–	(669)
At 31st March 2014	–	375	48	174	440	291	1,328
Carrying amounts:							
At 31st March 2014	–	1,517	160	534	1,060	680	3,951
At 31st March 2013	–	1,476	58	431	110	874	2,949

17. INVESTMENT PROPERTIES

The Group	2014	2013
	HK$000	*HK$000*
Fair value		
At 1st April	**22,100**	14,200
Additions	**–**	4,485
Transfer to assets classified as held for sale (note 29)	**–**	(4,100)
Change in fair value recognised in profit or loss (note 8)	**(300)**	7,515
At 31st March	**21,800**	22,100

(i) All of the Group's property interests held under operating lease to earn rental or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

(ii) The fair value of the Group's investment properties at 31st March 2014 and 2013 have been arrived at on the basis of valuation carried out on that date by RHL, an independent qualified professional valuer not connected with the Group. RHL is a member of The Hong Kong Institute of Surveyors, and has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

The Group's management have discussion with the valuer on the valuation assumptions and valuation results when the valuation is performed at the annual reporting date.

(iii) The carrying amounts of investment properties shown above comprise:

	2014	2013
	HK$'000	*HK$'000*
In Hong Kong:		
Long term lease	**16,000**	16,500
Medium term lease	**5,800**	5,600
	21,800	22,100

(iv) The investment properties held by the Group are leased to third parties under operating leases. Details of the Group's total future minimum lease receipts under non-cancellable operating leases are shown in note 43(b)(ii) to the consolidated financial statements.

(v) One of the investment properties with carrying value of approximately HK$16,000,000 (2013: HK$16,500,000) has been pledged to banks to secure the banking facilities granted to the Group (note 34 (i)).

18. FAIR VALUE MEASUREMENT OF PROPERTIES

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level in which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using the Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. Observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

		Fair value measurement as at 31st March 2014 categorised into			
	Fair value at 31st March 2014	**Level 1**	**Level 2**	**Level 3**	**Fair value at 31st March 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement					
Investment properties					
– Residential	5,800	–	–	5,800	5,600
– Industrial	16,000	–	–	16,000	16,500

During the year ended 31st March 2014, there were no transfers of fair value measurements into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurement

(a) Investment properties

	Valuation techniques	**Significant unobservable inputs**	**Range**
– Residential	Direct comparison approach	– Premium/(discount) on quality of building	1%-5%
		– Market unit sale rate (HKD/sq.feet)	HK$8,920-HK$9,426
– Industrial	Direct comparison approach	Premium/(discount) on quality of building	1%-5%
		– Market unit sale rate (HKD/sq.feet)	HK$3,942-HK$4,306

The fair value of investment properties located in Hong Kong is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality and conditions of the Group's properties compared to the recent sales. The valuations take into account the characteristic of the properties which included the location, size, view, floor level, year of completion and other factors collectively. Higher premium for higher quality properties will result in a higher fair value measurement.

18. FAIR VALUE MEASUREMENT OF PROPERTIES *(Continued)*

(ii) Information about Level 3 fair value measurement *(Continued)*

(b) A significant increase/(decrease) in unobservable inputs would result in a significant increase/(decrease) in fair value of the investment properties.

(c) There were no change to the valuation techniques during the year.

(d) The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	HK$'000
Investment property – Residential	
At 1st April 2013	5,600
Change in fair value	200
At 31st March 2014	5,800
Investment Property – Industrial	
At 1st April 2013	16,500
Change in fair value	(500)
At 31st March 2014	16,000

19. INTERESTS IN SUBSIDIARIES

The Company

	2014	2013
	HK$'000	*HK$'000*
Investment at cost		
Unlisted shares	**1,097**	1,097
Amounts due from subsidiaries	**374,009**	309,176
Less: Allowance for impairment	**(103,498)**	(90,985)
	270,511	218,191
Amounts due to subsidiaries	**(40,621)**	(41,345)

The amounts due from/(to) subsidiaries are unsecured, interest free and repayable on demand.

The amounts due from subsidiaries of approximately HK$278,238,000 (2013: HK$213,174,000) were impaired. The amount of allowance for impairment was approximately HK$103,498,000 as at 31st March 2014 (2013: HK$90,985,000). It is assessed that a portion of the receivables is expected to be recovered. The individually impaired receivables mainly relate to subsidiaries which have going concern issue and they are of age over three years. The other amounts due from subsidiaries do not contain impaired assets.

19. INTERESTS IN SUBSIDIARIES *(Continued)*

The movements in allowance for impairment of the amounts due from subsidiaries are as follows:

	2014	2013
	HK$'000	*HK$'000*
Balances at the beginning of the year	**90,985**	79,885
Impairment loss recognised	**12,513**	11,100
Balances at end of the year	**103,498**	90,985

The directors of the Company are of opinion that none of the Group's subsidiaries that have non-controlling interests are material to the consolidated financial statements as a whole.

Details of the principal subsidiaries held by the Company directly and indirectly as at 31st March, 2014 are as follows:

			Proportion of ownership interest			
Name of subsidiaries	**Place of incorporation and kind of legal entity**	**Particulars of issued/registered capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities and place of operations**
Rainbow Cosmetic (BVI) Limited	British Virgin Island, limited liability company	50,000 ordinary shares of USD1 each	100%	100%	–	Investment holding, Hong Kong
Be Cool Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Securities investment, Hong Kong
Bright Zone Corporation Limited	Hong Kong, limited liability company	90 ordinary shares of HK$1 each	66.67%	–	66.67%	Sales of grocery products, Hong Kong
Perfect Top Corporation Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Property investment, Hong Kong
Nutriplus (Asia) Limited	Hong Kong, limited liability company	10,000 shares of HK$1 each	100%	–	100%	Provision of management services to the Group, Hong Kong
Thailand (HK) Plastic Surgery Service Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Property investment, Hong Kong
Top Empire Limited	Hong Kong, limited liability company	1,000 ordinary shares of HK$1 each	100%	–	100%	Investment holding, Hong Kong
Top Euro Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Property investment, Hong Kong
Top Legend Investment Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Securities investment, Hong Kong

19. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the principal subsidiaries held by the Company directly and indirectly as at 31st March, 2014 are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation and kind of legal entity	Particulars of issued/registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities and place of operations
Yvonne Credit Service Co., Limited	Hong Kong, limited liability company	10,000 ordinary shares of HK$1 each	100%	–	100%	Provision of money lending business, Hong Kong
Great Sources Limited	Hong Kong, limited liability company	1 ordinary share of HK$1 each	100%	–	100%	Investment, Hong Kong

The above table lists the subsidiaries of the Group which, in the opinion of the Directors of the Company, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors of the Company, result in particulars of excessive length.

No debt securities have been issued by any of the subsidiaries at any time during both years or at the end of the years 2014 and 2013.

20. INTERESTS IN ASSOCIATES

The Group

	2014	2013
	HK\$'000	*HK\$'000*
Unlisted shares, at cost	**1,350**	–
Share of loss of an associate	**(285)**	–
Share of net assets of associates	**1,065**	–
Amounts due from associates	**13,100**	12,600
Allowance for impairment	**(12,600)**	(12,600)
	500	–

The amounts due from associates are unsecured, interest free and repayable on demand.

The amounts due from associates of approximately HK$12,600,000 (2013: HK$12,600,000) were impaired. The amount of allowance for impairment was approximately HK$12,600,000 as at 31st March 2014 (2013: HK$12,600,000). The individually impaired receivables mainly relate to associates which have going concern issue and they are of age over three years. The remaining amounts due from associates do not contain impaired assets.

20. INTERESTS IN ASSOCIATES *(Continued)*

Particulars of the Group's interests in the associates at 31st March 2014 are as follows:

Name	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Held by a subsidiary	Principal activities	Place of incorporation and operations
One Dollar Movies Productions Limited	10 ordinary shares of HK$1 each	40%	40%	Movies production	Hong Kong
One Dollar Distribution Limited	10,000 ordinary shares of HK$1 each	40%	40%	Movies distribution	Hong Kong
Perfect Talent Limited	1 ordinary share of HK$1 each	40%	40%	Movies production	Hong Kong
Smart Investment Development Limited	10,000 ordinary shares of HK$1 each	45%	45%	Operation of a dispensary	Hong Kong

The movements in allowance for impairment of the amounts due from associates are as follows:

	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning of the year	**12,600**	13,600
Impairment losses reversed to profit or loss	**–**	(1,000)
Balance at the end of the year	**12,600**	12,600

Aggregate financial information of individually immaterial associates that are accounted for using the equity method

	2014	2013
	HK$'000	*HK$'000*
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**1,065**	–
Aggregate amounts of the Group's share of those associates'		
Loss from continuing operations for the year	**(285)**	–
Other comprehensive income for the year	**–**	–
Total comprehensive loss for the year	**(285)**	–

During the year ended 31st March 2014, the Group has discontinued recognition of its share of losses of certain associates amounting to approximately HK$688,000 (2013: HK$109,000). At 31st March 2014, the accumulated losses of these associates not recognised by the Group amounted to approximately HK$1,008,000 (2013: HK$320,000).

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity securities:				
– listed in Hong Kong (notes (i) and (iv))	**12,773**	11,309	**12,773**	4,199
Listed debt securities:				
– listed outside Hong Kong (notes (i) and (iii))	**–**	11,423	**–**	–
Investment funds				
– unlisted (note (ii))	**1,155**	1,274	**–**	–
Total	**13,928**	24,006	**12,773**	4,199

Notes:

(i) The fair values of listed equity securities and listed debt securities are determined based on the quoted market bid prices available on the relevant stock exchanges and the industry group.

(ii) The unlisted investment funds represent the Group's investment in China Real Estate Development II Fund, which invest in private equity real estate development projects in the People's Republic of China through CapitaLand China Development Fund II Limited, managed by CapitaLand China Development Fund Management PTE Ltd. The fair value of the investment is determined by reference to the fund net asset values at the end of the reporting period.

(iii) For the year ended 31st March 2013, the debt securities listed outside Hong Kong and denominated in the United States dollar ("USD") comprised of bonds (i) amounting to approximately HK$3,508,000 carrying at fixed rates ranging from 6.625% to 10.25% per annum with maturity date ranging from September 2015 to April 2017; (ii) amounting to approximately HK$3,097,000 carrying at fixed rate from 7.875% to 10.125% with perpetual maturity date; and (iii) amounting to approximately HK$1,623,000 bond initially carrying at fixed interest rates at 7.25% per annum till May 2016 and later carrying at floating interest rate per annum with maturity date in November 2099.

The debt securities listed outside Hong Kong and denominated in Renminbi ("RMB") comprised of bonds amounted to approximately HK$3,195,000 carrying at fixed rates ranging from 5.875% to 7.625% per annum with maturity date ranging from January 2015 to March 2016.

The Group was entitled to interest income from the above debt securities semi-annually.

(iv) During the year ended 31st March 2013, due to a reformation of the Group's strategic investment planning, certain equity securities previously recognised in financial assets at fair value through profit or loss were no longer held for the purpose of selling in the near term and therefore transferred and recognised as available-for-sale financial assets category accordingly.

As at 31st March 2013, the fair value of equity securities transferred during the reporting period was approximately HK$11,309,000.

If the Group had not transferred the equity securities during the reporting period, fair value loss recognised for the year in the consolidated statement of comprehensive income would increase by approximately HK$14,456,000.

22. TRADE RECEIVABLES

The Group

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**107**	62

The Group maintains credit terms of cash on delivery for both years 2014 and 2013. At the end of the reporting period, the ageing analysis of the trade receivables based on the invoice dates is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within three months	**101**	60
Over three months	**6**	2
	107	62

At the end of each reporting period, the Group reviews trade receivables for evidence of impairment on both an individual and collective basis. Based on these assessments, no impairment loss has been recognised for both years.

The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

The ageing analysis of the Group's trade receivables that were past due as at the end of the reporting period but not impaired, based on due date is as follows:

	2014	2013
	HK$'000	*HK$'000*
Within three months past due	**101**	60
Over three months but within six months past due	**6**	2
	107	62

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised allowance for impairment of doubtful debts because in the opinion of the directors, the amounts are still considered recoverable.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**315**	195	**312**	195
Deposits (note (i))	**7,047**	6,406	**–**	15
Other receivables (note (ii))	**763**	2,314	**760**	–
	8,125	8,915	**1,072**	210
Less: non-current portion deposits	**–**	(32)	**–**	–
Current portion	**8,125**	8,883	**1,072**	210

Notes:

(i) As at 31st March 2014 and 2013, included in deposits was a deposit of HK$6,000,000 paid by the Group to an independent third party for providing financial information and advice, making investment referrals and providing relating investment analysis to the Group. Subsequent to the reporting date, the full amount was refunded to the Group.

(ii) As at 31st March 2013, included in other receivables was the consideration receivable amounting to HK$2,094,000 for the disposal of a subsidiary during the year. Details of the disposal are shown in note 40(b).

(iii) As at 31st March 2014 and 2013, the amount of prepayments, deposits and other receivables that were expected to be recovered within twelve months from the end of the reporting period and were classified as current assets. The remaining balances were classified as non-current assets.

(iv) In the opinion of the directors, prepayments, deposits and other receivables are neither past due nor impaired.

24. LOANS AND ADVANCES TO CUSTOMERS

The Group

	2014	2013
	HK$'000	*HK$'000*
Loans and advances to customers	**219,623**	115,511
Allowance for impairment	**(11,656)**	(4,687)
	207,967	110,824
Analysed for reporting purpose as:		
Current portion	**141,703**	72,176
Non-current portion	**66,264**	38,648
	207,967	110,824

At 31st March 2014, certain loans and advances to customers of approximately HK$83,274,000 (2013:HK$86,766,000) are secured by the customers' pledged properties. As at 31st March 2014, total value of the customers' pledged properties as collaterals for these loans and advances to customers was approximately HK$ 365,150,000 (2013:HK$371,450,000) based on the market value of the customers' pledged properties as at the end of the reporting period.

24. LOANS AND ADVANCES TO CUSTOMERS *(Continued)*

All loans and advances to customers are denominated in HK dollars. The loans and advances to customers carry fixed effective interest ranging from 5% to 42% (2013: 5% to 48%) per annum with credit terms mutually agreed with the customers. The Group's loans and advances to customers related to a large number of diversified customers and there is no significant concentration of credit risk. An ageing analysis of loans and advances to customers net of allowance for impairment loss at the end of reporting period, based on the repayment terms is as follows:

(a) Ageing analysis of loans and advances to customers:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**141,703**	72,176
Over one year but within five years	**31,167**	20,903
Over five years	**35,097**	17,745
	207,967	110,824

(b) The movements in allowance for impairment of loans and advances to customers:

	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning for the year	**4,687**	11,349
Impairment losses charged to profit or loss	**10,233**	791
Impairment losses reversed to profit or loss	**(574)**	(1,767)
Uncollectible amounts written off	**(2,690)**	(5,686)
Balance at the end of the year	**11,656**	4,687
Recovery of loans and advances to customers directly written off in previous years	**(340)**	–
Loans and advances to customers directly written off in current year	**–**	1,375

At 31st March 2014, loans and advances to customers of approximately HK$12,256,000 (2013: HK$4,694,000) were impaired. The amount of allowance for impairment was HK$11,656,000 (2013: HK$4,687,000). The impaired loans and advances relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. Accordingly, the Directors of the Company consider that allowance for impairment of loans and advances to customers would be made on loans outstanding over 60 days.

(c) Loans and advances to customers disclosed above include amounts HK$21,089,000 (2013: HK$1,967,000) which are past due within 6 months at the end of the reporting period for which the Group has not made impairment because, in the opinion of the Directors of the Company, there is either no significant change in credit quality of the customers or sufficient collaterals to recover the outstanding loans receivables, therefore the amounts are still considered recoverable.

(d) The Group's neither past due nor impaired loans and advances to customers mainly represented loans granted to creditworthy customers for whom there was no recent history of default or secured by the collaterals which the value was higher than the carrying value of the loans and advances to customers.

25. INVENTORIES

The Group

	2014	2013
	HK$'000	*HK$'000*
Finished goods, at cost	**258**	263

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		**Company**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Listed equity securities held-for-trading				
– Hong Kong (note (ii))	**20,331**	5,379	**20,071**	5,214
– Overseas	**26**	225	**–**	–
Fair value of listed securities (note 46)	**20,357**	5,604	**20,071**	5,214

Note:

(i) The fair value of all equity securities is based on their current bid prices in an active market.

(ii) For the year ended 31st March 2014, the Group and the Company acquired the zero coupon convertible bonds issued by a listed entity, Crosby Capital Limited, in an aggregate principal amount of HK$19,000,000 at a consideration of HK$14,250,000. The convertible bonds were classified as financial assets at fair value through profit or loss – held for trading initially. In October 2013, after acceptance of an offer of redemption rebate as given by the listed entity amounting to HK$760,000, the Group and the Company early converted the convertible bonds into the listed equity securities of the listed entity. A fair value gain of approximately HK$3,476,000 was recognised in profit or loss upon early conversion of the convertible bonds at the date of conversion. On the same date, the fair value of listed equity securities as converted from the convertible bonds was recognised as financial assets at fair value through profit or loss – held for trading accordingly. At as 31st March 2014, fair value of these listed equity securities of approximately HK$17,294,000 was included in the Group's and Company's financial assets at fair value through profit or loss.

After the end of the reporting period, such listed equity securities were disposed of at a consideration of approximately HK$19,490,000. Details of the transactions were set out in the announcement of the Company dated 11th April 2014.

27. AMOUNT DUE FROM A RELATED COMPANY

Particulars of the amount due from a related company is as follows:

The Group and the Company

Name	**Balance at 1.4.2012**	**Balance at 1.4.2013 and 31.3.2013**	**Balance at 31.3.2014**	**Maximum balance outstanding during 2014**	**Maximum balance outstanding during 2013**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
One Dollar Productions Limited	611	262	262	262	611

Note:

(i) Amount due from a related company is unsecured, interest free and repayable on demand. The related company is beneficially owned and controlled by certain family members of Mr. Shiu Yeuk Yuen, an Executive Director.

(ii) In the opinion of the directors, the amount due from a related company is neither past due nor impaired.

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Cash held by securities brokers	**752**	36,063	**66**	33,784
Cash at banks	**10,830**	18,885	**2,431**	809
Cash on hand	**27**	32	**–**	–
	11,609	54,980	**2,497**	34,593

Note:

(i) At 31st March 2014 and 2013, cash at banks and cash held by securities brokers carry interest at market rates ranging from 0.001% to 0.1% (2013: 0.09%) per annum.

(ii) At 31st March 2014, the Group had cash and cash equivalents of approximately HK$20,000 (2013: HK$20,000) denominated in RMB and placed with banks in Hong Kong and the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

(iii) Both of the Group's cash held by securities brokers of approximately HK$752,000 (2013:HK$36,063,000) and the Company's cash held by securities brokers of approximately HK$66,000 (2013:HK$33,784,000) that were previously included in cash at banks are now separately disclosed and presented. Comparative figures have been reclassified to conform to current year's presentation.

29. ASSETS CLASSIFIED AS HELD FOR SALE

The Group

	2014	2013
	HK$'000	*HK$'000*
Balance at the beginning of the year	**–**	–
Transfer from investment properties (note (i)) and (note 17)	**–**	4,100
Balance at the end of the year	**–**	4,100

Note:

(i) On 4th February 2013, Top Euro Limited, a wholly-owned subsidiary of the Company, entered into a preliminary sale and purchase agreement with an independent third party in relation to the disposal of an investment property at a consideration of HK$4,100,000.

As at the date of approval of the consolidated financial statements for the year ended 31st March 2013, the disposal of the investment property had not been completed. The disposal of the investment property was expected to be completed within the next 12 months. In accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", the investment property had been presented as assets classified as held for sale in the consolidated statement of financial position as at 31st March 2013. The transaction was completed on 10th June 2013.

30. ACCRUALS, RECEIPTS IN ADVANCE AND OTHER PAYABLES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Accruals	**1,510**	1,833	**524**	515
Receipts in advance	**198**	587	**–**	–
Deposits received and other payables	**538**	154	**–**	–
	2,246	2,574	**524**	515

31. AMOUNTS DUE TO NON-CONTROLLING INTERESTS – GROUP

Amounts due to non-controlling interests are unsecured, interest free and repayable on demand.

32. AMOUNT DUE TO A RELATED COMPANY – COMPANY

Amount due to a related company is unsecured, interest free and repayable on demand.

33. AMOUNTS DUE TO RELATED PARTIES

Amounts due to related parties are unsecured, bearing interest at the rate of 10% per annum and repayable within twelve months.

34. BORROWINGS

The Group

	2014	2013
	HK$'000	*HK$'000*
Bank borrowing – secured		
– Portion of bank borrowing repayable within one year	**385**	377
– Portion of bank borrowing that not repayable within one year from the end of reporting period which contain a repayment on demand clause (note (iv))	**2,635**	3,018
	3,020	3,395
Other loan – unsecured		
– Repayable within one year (note (iii))	**4,000**	3,000
	7,020	6,395
Amounts shown as current liabilities	**(7,020)**	(6,395)
Amounts shown as non-current liabilities	**–**	–

34. BORROWINGS *(Continued)*

Note:

(i) At 31st March 2014 and 2013, the bank borrowing of the Group was secured by the charges over the Group's investment properties (note 17) and corporate guarantees executed by the Company (note 44).

(ii) For the year ended 31st March 2014, the Group's entire bank borrowing is denominated in HK dollars, bearing floating interest rate ranging from 2.20% to 2.21% (2013: 1.23% to 2.30%) per annum.

(iii) The other loan is denominated in HK dollars and is borrowed from independent third parties. The loan is unsecured, bearing interest at the rate of 10% (2013: 16%) per annum and repayable within one year.

(iv) The aggregate carrying amount of the Group's bank borrowing as at 31st March, 2014 (that is repayable more than one year after the end of the reporting period but contain a repayment on demand clause) that has been reclassified as current liabilities is approximately HK$2,635,000 (2013: HK$3,018,000).

Bank borrowing is callable by the lender, but the management of the Group does not expect the lender to exercise his right to demand for repayment in normal circumstances.

(v) The maturity profile of the Group's borrowings is as follows:

	2014	2013
	HK$'000	*HK$'000*
Bank borrowing:		
Within one year	**385**	377
After one year but within two years	**394**	385
After two years but within five years	**1,235**	1,208
After five years	**1,006**	1,425
	3,020	3,395
Other loan:		
Within one year	**4,000**	3,000
	7,020	6,395

Notes:

(a) The above amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause as set out in the loan agreements.

35. DEFERRED TAX LIABILITIES

The Group	**Accelerated tax depreciation** *HK$'000*	**Tax losses** *HK$'000*	**Total** *HK$'000*
At 1st April 2012	(956)	571	(385)
Credited to consolidated statement of comprehensive income (note 11)	186	–	186
At 31st March, 2013 and 1st April, 2013	(770)	571	(199)
Credited/(charged) to consolidated statement of comprehensive income (note 11)	229	(109)	120
At 31st March, 2014	(541)	462	(79)

At the end of the reporting period, the Group has unused tax losses of approximately HK$100,249,000 (2013(restated): HK$97,969,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

36. OBLIGATION UNDER A FINANCE LEASE

The Group

At 31st March 2014, the Group had obligation under a finance lease payable as follows:

	2014			2013		
	Present value ***HK$'000***	**Finance charge** ***HK$'000***	**Total** ***HK$'000***	Present value *HK$'000*	Finance charge *HK$'000*	Total *HK$'000*
Within one year	**199**	**12**	**211**	195	16	211
After one year but within five years	**515**	**13**	**528**	715	24	739
	714	**25**	**739**	910	40	950

The Group leased office equipment under finance lease arrangement expiring initially in five years. At the end of the lease term, the Group has an option to purchase the equipment at a price deemed to be a bargain purchase option. The lease does not include contingent rentals. The lease equipment secures the above lease obligation.

Financial lease obligation is denominated in HK dollars.

37. SHARE CAPITAL

	Notes	**Number of shares**	*HK$'000*
Authorised:			
At 1st April 2012 and 31st March 2013		30,000,000,000	300,000
Ordinary shares of HK$0.01 each			
Share consolidation	(i)	(28,500,000,000)	–
Ordinary shares of HK$0.20 each			
Capital reduction	(ii)	–	(285,000)
Ordinary shares of HK$0.01 each			
Capital increase	(iii)	28,500,000,000	285,000
At 31st March, 2014		30,000,000,000	300,000
Issued and fully paid:			
At 1st April 2012		699,197,543	6,991
Ordinary shares of HK$0.01 each			
Issue of shares upon bonus issue	(vii)	1,398,395,086	13,984
At 31st March 2013		2,097,592,629	20,975
Share consolidation	(i)	(1,992,712,998)	–
Capital reduction	(ii)	–	(19,927)
Issue of shares upon placing	(iv)	20,960,000	210
Issue of shares upon open offer	(v)	503,358,524	5,034
At 31st March 2014		629,198,155	6,292

Notes:

For the year ended 31st March 2014

By a special resolution dated 17th June 2013, the Company had the capital reorganisation which was composed of:

(i) Shares consolidation:
The consolidation of every twenty issued and unissued shares of par value of HK$0.01 each in the share capital of the Company into one consolidated share of par value of HK$0.20 each;

(ii) Capital reduction:
Immediately upon the share consolidation becoming effective, (i) the issued share capital of the Company was reduced by cancelling the paid-up capital of the Company to the extent of HK$0.19 on each of the then issued consolidated shares such that the par value of each issued consolidated share was reduced from HK$0.20 to HK$0.01 (the "Issued Share Capital Reduction"); and (ii) the authorised share capital of the Company was reduced by reducing the par value of all consolidated shares from HK$0.20 each to HK$0.01 each resulting in the reduction of the authorised share capital of the Company from HK$300,000,000 divided into 1,500,000,000 consolidated shares to HK$15,000,000 divided into 1,500,000,000 adjusted shares of par value HK$0.01 each; and

The credit arising from the Issued Share Capital Reduction of approximately HK$19,927,000 was credited to the contributed surplus account of the Company.

(iii) Capital increase:
Immediately upon the capital reduction becoming effective, the authorised share capital of the Company was increased from HK$15,000,000 divided into 1,500,000,000 adjusted shares to HK$300,000,000 divided into 30,000,000,000 adjusted shares.

(iv) On 7th August 2013, 20,960,000 ordinary shares of the Company of HK$ 0.01 each were allotted at a price of HK$0.225 by way of placing of new shares under general mandate. The net proceeds were approximately HK$4.4 million for general working capital of the Group.

(v) By ordinary resolution dated 13th January 2014, there was an open offer to the qualifying shareholders on the basis of four offer shares for every ordinary share of HK$0.01 each at a price of HK$0.1 per offer share. On 14th February 2014, 503,358,524 offer shares were allotted of which 248,634,125 offer shares had underwritten by underwriter. The net proceeds were approximately HK$48.1 million for general working capital of the Group.

37. SHARE CAPITAL *(Continued)*

Notes: (Continued)

(vi) On 14th February 2014, the Company has been notified that, an aggregate of 256,430,325 shares in the share capital of the Company of which 7,796,200 shares held by Mr. Shiu Yeuk Yuen and 248,634,125 shares held by Able Rich Consultants Limited (a “Controlling Shareholder”) have been pledged in favour of Kingston Securities Limited as a security for a loan facility up to a maximum amount of HK$15,000,000 to Able Rich Consultants Limited. Pursuant to the terms and conditions in the agreement, in the event of default by Able Rich Consultants Limited, Kingston Securities Limited would be entitled to enforce the pledged securities which may result in a transfer of voting rights in respect of such pledged securities. Details of which are set out in the circular dated 27th December 2013.

For year ended 31st March 2013

(vii) By an ordinary resolution passed on 28th February 2013, the Company issued two bonus shares for every one share held. The issued share capital of the Company was therefore increased from 699,197,543 shares of HK$0.01 each to 2,097,592,629 shares of HK$0.01 each accordingly.

The bonus shares had been credited as fully paid by way of capitalisation of an aggregate amount of approximately HK$14,168,000 in the share premium account of the Company.

38. SHARE-BASED EMPLOYEE COMPENSATION

The shareholders of the Company approved a share option scheme (the “2001 Share Option Scheme”) under which its Board of the Directors may, at its discretion, offer full-time or part time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any its subsidiaries, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company. The subscription price will be determined by the Company’s Board of Directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company’s shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company’s shares on the five trading days immediately preceding the date of offer of the options. The 2001 Share Option Scheme become effective on 24th September 2001 was terminated by shareholders of the Company on 4th January 2011.

An ordinary resolution was passed by the shareholders at the special general meeting of the Company held on 4th January 2011 to adopt a new share option scheme (the “2011 Share Option Scheme”) and terminate the 2001 Share Option Scheme.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme (“Eligible Participants”) include (i) any full-time employees of the Group and Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) of the Company; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest (the “Invested Entity”); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The 2011 Share Option Scheme became effective on 4th January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

38. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

The maximum number of share issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a substantial shareholder or an Independent Non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time 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, which any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors of the Company, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the Directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

Share options and respective exercise prices are as follows for the reporting periods presented:

For the year ended 31st March, 2014

Type of grantee	At 1st April 2013	Granted	Exercised	Outstanding * adjustment share consolidation and open offer	Expired	At 31st March 2014	Date of grant	Exercise* period of the share options	Exercise price per share *(HK$)*
Employees									
– In aggregate	4,007,142	–	–	(3,624,921)	(382,221)	–	23rd February, 2011	23rd February 2011 to 22nd February 2014	2.009*
Other eligible person									
– In aggregate	1,020,000	–	–	(922,708)	(97,292)	–	15th February, 2011	15th February 2011 to 14th February 2014	2.218*
Total	5,027,142	–	–	(4,547,629)	(479,513)	–			
Weighted average exercise price (HK$)	**0.1957**	**–**	**–**	**–**	**2.0512**	**–**			

* This reflects that adjusted exercise prices and number of share options which have been granted and remained outstanding after the completion of share consolidation and open offer in June 2013 and February 2014 respectively.

(1) All options expired during the year ended 31st March 2014 and there is no option outstanding at 31st March 2014. The corresponding share option reserve of approximately HK$732,000 was transferred to accumulated losses upon the expiry of the share options.

(2) No option was granted, exercised and/or cancelled during the year ended 31st March 2014.

38. SHARE-BASED EMPLOYEE COMPENSATION *(Continued)*

For the year ended 31st March, 2013

Type of grantee	At 1st April 2012	Granted	Exercised	Outstanding adjustment Bonus issue	Expired/ cancelled/ lapsed	At 31st March 2013	Date of of grant	Exercise period of the share options	Exercise* prices per share *(HK$)*
Employees									
– In aggregate	1,335,714	–	–	2,671,428	–	4,007,142	23rd February, 2011	23rd February 2011 to 12th February 2014	0.1916
Other eligible person									
– In aggregate	340,000	–	–	680,000	–	1,020,000	15th February, 2011	15th February 2011 to 14th February 2014	0.2116
Total	1,675,714	–	–	3,351,428	–	5,027,142			
Weighted average Exercise price (HK$)	0.5870	–	–	0.1957	–	0.1957			

* This reflects the adjusted exercise prices and number of share options which have been granted and remained outstanding after the completion of bonus issue on 18th March 2013.

For the years ended 31st March 2014 and 2013, no employee compensation expenses has been included in the consolidated statement of comprehensive income. No liabilities were recognised due to these share-based payment transactions.

39. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current year and prior year are presented in the consolidated statement of changes in equity on page 30 of the consolidated financial statements.

The Company

	Share premium	Capital redemption reserve	Accumulated losses	Investment revaluation reserve	Share option reserve	Contributed surplus (note (i))	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1st April 2012	212,968	278	(143,130)	–	732	181,291	252,139
Loss for the year (note 13)	–	–	(32,529)	–	–	–	(32,529)
Other comprehensive loss							
Changes in fair value on available-for- sale financial assets	–	–	–	(4,580)	–	–	(4,580)
Total comprehensive loss for the year	–	–	(32,529)	(4,580)	–	–	(37,109)
Issue of shares upon bonus issue	(13,984)	–	–	–	–	–	(13,984)
Transaction cost attributable to issue of shares upon bonus issue	(184)	–	–	–	–	–	(184)
Balance at 31st March 2013	198,800	278	(175,659)	(4,580)	732	181,291	200,862
Balances at 1st April, 2013	198,800	278	(175,659)	(4,580)	732	181,291	200,862
Loss for the year (note 13)	–	–	(1,819)	–	–	–	(1,819)
Other comprehensive income/(loss)							
Available- for- sales financial assets							
– Changes in fair value	–	–	–	(7,961)	–	–	(7,961)
– Reclassified to profit or loss upon disposal of available-for-sales financial assets	–	–	–	2,442	–	–	2,442
Total comprehensive loss for the year	–	–	(1,819)	(5,519)	–	–	(7,338)
Capital reduction	–	–	–	–	–	19,927	19,927
Issue of shares upon placing	4,506	–	–	–	–	–	4,506
Transaction costs attributable to issue of shares upon placing	(274)	–	–	–	–	–	(274)
Issue of shares upon open offer	45,302	–	–	–	–	–	45,302
Transaction costs attributable to issue of shares upon open offer	(2,208)	–	–	–	–	–	(2,208)
Release of share option reserve upon expiry of share options	–	–	732	–	(732)	–	–
Balance at 31st March, 2014	**246,126**	**278**	**(176,746)**	**(10,099)**	**–**	**201,218**	**260,777**

Note: (i) (a) Pursuant to a special resolution passed at the special general meeting of the Company on 17th June 2013, the Company reduced its issued share capital by an amount of approximately HK$19,927,000 (note 37) and transferred the same amount to the contributed surplus account of the Company.

(b) The Company's contributed surplus account may be distributed under certain circumstances as specified in the Company Act 1981 of Bermuda. Details of the circumstance are set out in the consolidated statement of changes in equity on page 31 of the annual report.

40. DISPOSAL OF SUBSIDIARIES

(a) As disclosed in note 12, on 26th March 2013, Rainbow Cosmetic (BVI) Limited, a direct wholly-owned subsidiary of the Company, and an independent third party of and not connected with the Company and its connected persons entered into a sale and purchase agreement (the "Agreement") in relation to disposal of the Be A Lady Group. Pursuant to the Agreement, the Group disposed of its entire interest in the Be A Lady Group at a cash consideration of approximately HK$2,396,000.

Details of the disposal of the Be A Lady Group were set out in the announcement of the Company dated 26th March 2013.

The net liabilities of the Be A Lady Group as at the date of the disposal were as follows:

	HK$'000
Trade receivables	**1,732**
Prepayments, deposits and other receivables	**294**
Cash and bank balances	**1,271**
Accruals, receipts in advance and other payables	**(7,645)**
Amount due to shareholder	**(297)**
Provision for tax	**(1,852)**
Net liabilities disposed of	**(6,497)**
Non-controlling interests	**(148)**
Gain on disposal of subsidiaries	**9,041**
Total cash consideration	**2,396**
Satisfied by:	
Cash consideration	**2,396**
Net cash inflow arising from disposal:	
Cash consideration received	**2,396**
Cash and cash equivalents disposed of	**(1,271)**
	1,125

40. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) As disclosed in note 12, on 28th March 2013, Top Empire Limited, an indirect wholly-owned subsidiary of the Company, and an independent third party of and not connected with the Company and its connected persons entered into an agreement in relation to the disposal of entire issued share capital of The Specialists at a consideration of HK$2,094,000.

Details of the disposal of The Specialists were set out in the announcement of the Company dated 28th March 2013.

The net assets of The Specialists as at the date of disposal were as follows:

	HK$'000
Prepayments, deposits and other receivables	**615**
Cash and bank balances	**1,261**
Accruals, receipts in advance and other payables	**(213)**
Net assets disposed of	**1,663**
Gain on disposal of subsidiaries	**431**
Total cash consideration	**2,094**
Satisfied by:	
Cash consideration receivable (note 23)	**2,094**
Net cash outflow arising from disposal:	
Cash and cash equivalents disposed of	**(1,261)**

(c) Release upon disposal of subsidiaries represents the cumulative effect of non-controlling interests arising from disposal of subsidiaries in prior periods before 1st April 2012 which had not yet been released to accumulated losses. In the opinion of the directors, it is impracticable to determine the period-specific effect arising from disposal of these subsidiaries in prior periods for each prior period concerned as the Company has undergone several group restructuring in the past. The impact of the cumulative effect arising from release upon disposal of these subsidiaries in prior periods is minimal on the Group's financial performance and position for the years ended 31st March 2014 and 2013, and balances as at 1st April 2012, therefore, the adjustment was made prospectively and no prior period adjustment has been made.

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

(i) The Group had significant transactions with the following related parties during the year, together with the balances with them as at 31st March 2014, details of which are as follows:

Related party relationship	Type of transaction	*Note*	Transaction amount		Balance due to/(from) the Group	
			2014	2013	**2014**	2013
			HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Directors	Sales of grocery	(c)	**17**	–	**–**	–
Companies controlled or jointly controlled by the directors or their close family members	Handling fee income	(c)	**189**	–	**–**	–
	Sales of grocery	(c)	**55**	–	**–**	–
	Rental income from letting					
	– office premises	(c)	**36**	6	**–**	–
	– office equipment	(c)	**57**	–	**–**	–
	Transaction costs attributable to issue of shares upon open offer	(c)	**579**	–	**–**	–
	Balance due to the Group	(b)(ii)	**–**	–	**262**	262
Family members of an executive director	Balances due from Group	(b)(i), (e)	**–**	–	**(11,500)**	–
	Interest expenses	(c)	**389**	–	**–**	–
	Sales of grocery	(c)	**77**	15	**–**	–
	Share of rental expenses	(d)	**1,210**	550	**–**	–
	Loan advanced to the Group	(e)	**16,900**	–	**–**	–
	Repayment to the Company	(e)	**5,400**	–	**–**	–
Associate	Balance due to the Group	(b)(ii)	**–**	–	**500**	–
Non-controlling interests	Balance due from the Group	(b)(ii)	**–**	–	**(150)**	(150)

Notes:

(a) The directors of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties and the terms of the transactions were determined by the directors with reference to the terms of similar transactions with unrelated third parties.

(b) (i) The balances due to certain family members of an executive director of the Company are unsecured, interest bearing and repayable on demand. Details of which are set out in note 33 to the consolidated financial statements.

(ii) All other balance due to/from the Group are unsecured, interest free and repayable on demand.

(c) Connected transactions exempt from the reporting, announcement and independent shareholders' approval as the transactions are on normal commercial terms, all applicable percentage ratios are less than 5% and the amounts are below the threshold of HKD1 million under Rules 20.31(2) of the GEM listing Rules.

(d) Continued connected transaction, details please refer to the announcement dated 9th October 2012 and the auditors' letter on continuing connected transaction on page 22.

(e) Connected transactions exempt from reporting, announcement and independent shareholders' approval requirement, which are financial assistance as defined under GEM Listing Rule, the transactions are for the benefit of the Company on normal commercial terms and no security over the assets of the Company is granted in respect of such financial assistance.

41. TRANSACTIONS AND BALANCES WITH RELATED PARTIES *(Continued)*

(ii) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in note 15. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

(iii) Except as disclosed above and elsewhere in the consolidated financial statements, there were no other significant related party transactions with related parties during the year or significant balances with them at the end of the year.

42. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

Disposal of partial interests in a subsidiary

(a) For the year ended 31st March 2013, the Company disposed of 33.33% of interests in Bright Zone Corporation Limited at a consideration of HK$450,000. The carrying amount of the 33.33% interests in Bright Zone Corporation Limited on the date of disposal was approximately a deficit of HK$11,000. The Group recognised a decrease in non-controlling interests of approximately HK$11,000 and an increase in equity attributable to owners of the parent of approximately HK$461,000. The effect of change in the ownership interests of Bright Zone Corporation Limited on the equity attributable to owners of the Company during the year is summarised as follows:

	HK$'000
Carrying amount of non-controlling interests disposal of	**11**
Consideration received	**450**
Movement in parent equity	**461**

(b) For the year ended 31st March 2013, the Company acquired 10% of interests in Top Empire Limited and its subsidiary (the "Top Empire Group") at a consideration of HK$NIL. The carrying amount of the 10% interests in Top Empire Group on the date of acquisition was approximately a deficit of HK$195,000. The Group recognised an increase in non-controlling interests of approximately HK$195,000 and a decrease in equity attributable to owners of the parent of approximately HK$195,000. The effect of change in the ownership interests of Top Empire Group on the equity attributable to owners of the Company during the year is summarised as follows:

	HK$'000
Carrying amount of non-controlling interests acquired of	**(195)**
Consideration paid	**–**
Movement in parent equity	**(195)**

43. COMMITMENTS

(a) Capital commitments

At 31st March 2014, the Group and the Company do not have any significant capital commitments (2013: Nil).

(b) Operating lease commitments

(i) *where the Group is the lessee*

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	2013
	HK$'000	*HK$'000*
Within one year	**5,164**	2,383
In the second to fifth years, inclusive	**3,598**	2,412
	8,762	4,795

The Group leases a number of premises under operating leases, with original terms ranging from 1 to 3 years. One of the leases has an option to renew the lease after the date at which time all terms are renegotiated. The leases do not include any contingent rentals.

(ii) *where the Group is the lessor*

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts under non-cancellable operating leases receivable as follows:

	2014	2013
	HK$'000	*HK$'000*
Within one year	**691**	267
In the second to fifth years, inclusive	**88**	165
	779	432

Property rental income earned from investment properties during the year was HK$705,000 (2013: HK$549,000). The properties are expected to generate weighted average effective rental yield of 3.09% (2013: 2.61%) on an ongoing basis. The Group leases its investment properties (note 17) under operating lease arrangements which run for an average term of two years with an option for renewal one of the leases. The terms of the leases generally require the tenants to pay security deposits. No contingent rental is incorporated in the leasing arrangements.

(iii) The Company does not have any significant operating lease commitment as at 31st March, 2014 (2013: Nil).

44. CORPORATE GUARANTEES – COMPANY

At 31st March 2014, the Company has issued corporate guarantees to secure general banking facilities granted to certain subsidiaries of the Company. Details of them are set out in note 45 (i) and (ii) to the financial statements.

In the opinion of the Directors of the Company, no material liabilities will arise from the above guarantees which arose in the ordinary course of business and the fair value of the corporate guarantees granted by the Company is immaterial.

45. CONTINGENT LIABILITIES

(i) As at 31st March 2014, the Company has provided an unlimited corporate guarantee to a bank for general banking facilities granted to an indirect wholly owned subsidiary of the Company. As at 31st March 2014, banking facilities of approximately HK$3,020,000 (2013: HK$4,000,000) have been utilised by the subsidiary.

(ii) As at 31st March 2014, the Company has provided a corporate guarantee up to a maximum amount of HK25,000,000 to secure a letter of guarantee issued by a bank to the extent of approximately HK$679,000 (2013: HK$679,000).

(iii) On 9th October 2012, a tenancy agreement was jointly entered into between Wit Way Enterprise Limited, as the landlord, and Top Euro Limited, an indirect wholly-owned subsidiary of the Company, and Mark Glory International Enterprise Limited, an indirect wholly-owned subsidiary of China 3D Digital Entertainment Limited, both as tenants, in relation to the lease of an office premises. The duration of the tenancy agreement is for three years commencing from 1st November 2012 with a monthly rental of HK$220,000 inclusive of management charges (equivalent to HK$2,640,000 per annum), but exclusive of government rates and all other outgoings.

The rent, government rates and all outgoings of the office premises shall be paid by the Tenants in equal share. If either party fails to fulfill their leasing obligations under the agreement, the other party will obligate to pay the other party's outstanding contingent rental liability amounting to HK$1,320,000 per annum. The taking-up of the contingent rental liability constitutes a provision of financial assistance under the GEM Listing Rules.

During the year, the operating lease payments made by the Group under this operating lease amounted to HK$1,210,000 (2013: HK$550,000). The other tenant, Mark Glory International Enterprise Limited, has also properly made the operating lease payment under the lease. No outstanding contingent rental liability is required to be paid by the Group under the lease for both of the years 2014 and 2013.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

The Group
31st March 2014

	Available-for-sale financial assets *HK$'000*	Loans and receivables *HK$'000*	Financial assets at fair value through profit or loss *HK$'000*	Total *HK$'000*
Financial assets as per consolidated statement of financial position				
Available-for-sale financial assets	13,928	–	–	13,928
Trade receivables	–	107	–	107
Loans and advances to customers	–	207,967	–	207,967
Deposits and other receivables	–	7,810	–	7,810
Held for trading investments	–	–	20,357	20,357
Amount due from a related company	–	262	–	262
Amount due from an associate	–	500	–	500
Cash and cash equivalents	–	11,609	–	11,609
Total	13,928	228,255	20,357	262,540

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments by category *(Continued)*

The Group
31st March 2014

	Financial liabilities measured at amortised cost	Total
	HK$'000	*HK$'000*
Financial liabilities as per consolidated statement of financial position		
Accruals and other payables	**2,048**	**2,048**
Amounts due to non-controlling interests	**150**	**150**
Amounts due to related parties	**11,500**	**11,500**
Borrowings	**7,020**	**7,020**
Obligation under a finance lease	**714**	**714**
Total	**21,432**	**21,432**

The Group
31st March 2013

	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets as per consolidated statement of financial position				
Available-for-sale financial assets	24,006	–	–	24,006
Trade receivables	–	62	–	62
Loans and advances to customers	–	110,824	–	110,824
Deposits and other receivables	–	8,720	–	8,720
Held for trading investments	–	–	5,604	5,604
Amount due from a related company	–	262	–	262
Cash and cash equivalents	–	54,980	–	54,980
Total	24,006	174,848	5,604	204,458

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments by category *(Continued)*

The Group

31st March 2013

	Financial liabilities measured at amortised cost *HK$'000*	Total *HK$'000*
Financial liabilities as per consolidated statement of financial position		
Accruals and other payables	1,987	1,987
Amounts due to non-controlling interests	150	150
Borrowings	6,395	6,395
Obligation under a finance lease	910	910
Total	9,442	9,442

The Company

31st March 2014

	Available-for-sale financial assets ***HK$'000***	**Loans and receivables** ***HK$'000***	**Financial assets at fair value through profit or loss** ***HK$'000***	**Total** ***HK$'000***
Financial assets as per statement of financial position				
Available-for-sale financial assets	**12,773**	**–**	**–**	**12,773**
Amounts due from subsidiaries	**–**	**270,511**	**–**	**270,511**
Deposits and other receivables	**–**	**760**	**–**	**760**
Held for trading investments	**–**	**–**	**20,071**	**20,071**
Amount due from a related company	**–**	**262**	**–**	**262**
Cash and cash equivalents	**–**	**2,497**	**–**	**2,497**
Total	**12,773**	**274,030**	**20,071**	**306,874**

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments by category *(Continued)*

The Company
31st March 2014

	Financial liabilities measured at amortised cost	**Total**
	HK$'000	***HK$'000***
Financial liabilities as per statement of financial position		
Accruals and other payables	**524**	**524**
Amounts due to subsidiaries	**40,621**	**40,621**
Amount due to a related company	**12**	**12**
Total	**41,157**	**41,157**

The Company
31st March 2013

	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets as per statement of financial position				
Available-for-sale financial assets	4,199	–	–	4,199
Amount due from subsidiaries	–	218,191	–	218,191
Deposits and other receivables	–	15	–	15
Held for trading investments	–	–	5,214	5,214
Amount due from a related company	–	262	–	262
Cash and cash equivalents	–	34,593	–	34,593
Total	4,199	253,061	5,214	262,474

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Financial instruments by category *(Continued)*

The Company

31st March 2013

	Financial liabilities measured at amortised cost *HK$'000*	Total *HK$'000*
Financial liabilities as per statement of financial position		
Accruals and other payables	515	515
Amounts due to subsidiaries	41,345	41,345
Amount due to a related company	12	12
Total	41,872	41,872

(b) Financial risk factors

The Group is exposed itself to variety of financial risks: market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Directors of the Company. The overall objective in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate lasting returns with acceptable risk levels.

The Group identifies ways to access financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the Directors of the Company.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk

(i) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to foreign currency risk arise from investments in equity and debt securities and cash and cash equivalents, which are primarily denominated in RMB and USD. These are not the functional currencies of the Group entities to which these transactions relate. The Group currently does not have a foreign currency hedging policy.

Summary of exposure

Foreign currency denominated financial assets and liabilities, translated into HK dollars at the closing rates, are as follows:

The Group

	31st March, 2014		31st March, 2013	
	Financial assets	**Financial liabilities**	Financial Assets	Financial liabilities
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
JPY	**17**	**–**	–	–
RMB	**20**	**–**	3,416	–
USD	**1,274**	**–**	10,938	–

As at 31st March 2014, the Company does not have any financial assets and liabilities denominated in foreign currency (2013: Nil).

Sensitivity analysis
In view of the fact that the HKD is pegged to the USD, the Group's exposure of foreign currency risk is minimal.

At 31st March 2014, the Group's sensitivity to a 3% (2013: nil) and 3% (2013: 1%) increase and decrease in HKD against JPY and RMB respectively. With all other variable held constant, the effect on loss for the year is immaterial.

(ii) Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from certain financial instruments, bank deposits and borrowings. Borrowings bearing variable rates expose the Group to cash flow interest rate risk and fair value interest rate risk. The Group has not used any interest rate swaps in order to mitigate its exposure associated with the cash flow interest rate risk. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk *(Continued)*

Sensitivity analysis

The following table illustrates the sensitivity of the Group's loss after taxation and other components of equity to a possible change in interest rates of +/- 0.5% (2013: +/- 0.5%) higher/lower, with effect from the beginning of the year. The calculations are based on the Group's financial assets and liabilities held at the end of the reporting period. All other variables are held constant.

	Higher/ (lower) in interest rate	Increase/ (decrease) in loss after taxation	Increase/ (decrease) in equity
	%	*HK$'000*	*HK$'000*
Year ended 31st March, 2014	**0.5**	**(43)**	**43**
	(0.5)	**43**	**(43)**
Year ended 31st March, 2013	0.5	(258)	258
	(0.5)	258	(258)

(iii) Price risk

Equity and debt security price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to equity and debt security price risk arising from individual equity and debt investments classified as financial assets at fair value through profit or loss (note 26) and available-for-sale financial assets (note 21) at 31st March 2014.

The Group's listed investments are primarily listed in Hong Kong, and the United States. Listed investments held in the available-for-sale portfolio have been chosen based on their long term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Price risk *(Continued)*

Sensitivity analysis

The following table indicates the approximate change in the Group's loss after taxation and other components of equity in response to the reasonably possible changes in the relevant stock market prices, to which the Group has significant exposure at the end of the reporting period.

In response to the reasonably possible change in the market price of the listed securities and the underlying shares, the Group's investment in equity and debt securities has the following exposures:

	31st March, 2014			31st March, 2013		
	Increase/ (decrease) in securities market price	**Effect on loss after taxation**	**Effect on other components of equity**	Increase/ (decrease) in securities market price	Effect on loss after taxation	Effect on other components of equity
	%	***HK$'000***	***HK$'000***	*%*	*HK$'000*	*HK$'000*
The Group	**10**	**(2,036)**	**1,393**	10	(560)	2,401
	(10)	**2,036**	**(1,393)**	(10)	560	(2,401)
The Company	**10**	**(2,007)**	**1,277**	10	(521)	420
	(10)	**2,007**	**(1,277)**	(10)	521	(420)

(b) Credit risk

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These obligations arise from the Group's lending and investment activities. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial positions which are summarised in note 46(a).

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow- up action is taken to recover overdue debts. In addition, management reviews the recoverable amounts of loans and advances to customers individually and collectively at the end of each reporting period to ensure that adequate allowance for impairment is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced. The Group's exposures of credit risk arising from lease and advance to customers is set out in note 24.

For the year ended 31st March 2014, all the Group's cash and cash equivalents are deposited with major banks and securities brokers located in Hong Kong (2013: Hong Kong).

Sales to customers are made in cash or via major credit cards. The maximum exposure to credit risk is represented by the carrying amount of each trade receivable in the reporting date after deducting any allowance for impairment of trade receivables, if any. The Group's exposure of credit risk arising from trade receivables is set out in note 22 to the consolidated financial statements.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of other payables, borrowings and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains cash and marketable securities to meet its liquidity requirements for up to 30-days periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's and the Company's remaining contractual maturities for its non-derivative financial liabilities at 31st March 2014 and 2013. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. Bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting period. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The analysis is based on the financial liabilities' contractual undiscounted cash flows (including interest payments calculated using contractual rates or, if floating, based on rates current at the end of reporting period).

The Group
At 31st March 2014

	Weighted average effective interest rate	On demand	Within one year	Over one year	Total contractual undiscounted cash flows	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial instruments						
Accruals and other payables		2,048	–	–	2,048	2,048
Amounts due to non-controlling interests		150	–	–	150	150
Amounts due to related parties	10	–	12,410	–	12,410	11,500
Borrowings						
– Bank		3,020	–	–	3,020	3,020
– Others	10	–	4,291	–	4,291	4,000
Obligation under a finance lease	1.92	–	211	528	739	714
Total		5,218	16,912	528	22,658	21,432

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

The Group

At 31st March 2013

	Weighted average effective interest rate %	On demand *HK$'000*	Within one year *HK$'000*	Over one year *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial instruments						
Accruals and other payables	–	1,987	–	–	1,987	1,987
Amounts due to non-controlling interests	–	150	–	–	150	150
Borrowings						
– Bank	–	3,395	–	–	3,395	3,395
– Others	16	–	3,363	–	3,363	3,000
Obligation under a finance lease	1.92	–	211	739	950	910
Total		5,532	3,574	739	9,845	9,442

The Company

At 31st March 2014

	On demand ***HK$'000***	**Within one year** ***HK$'000***	**Over one year** ***HK$'000***	**Total contractual undiscounted cash flows** ***HK$'000***	**Carrying amount** ***HK$'000***
Non-derivative financial instruments					
Accruals and other payables	**524**	**–**	**–**	**524**	**524**
Amounts due to subsidiaries	**40,621**	**–**	**–**	**40,621**	**40,621**
Amount due to a related company	**12**	**–**	**–**	**12**	**12**
Total	**41,157**	**–**	**–**	**41,157**	**41,157**

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk factors *(Continued)*

(c) Liquidity risk (Continued)

At 31st March 2013

	On demand *HK$'000*	Within one year *HK$'000*	Over one year *HK$'000*	Total contractual undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
Non-derivative financial instruments					
Accruals and other payables	515	–	–	515	515
Amounts due to subsidiaries	41,345	–	–	41,345	41,345
Amount due to a related company	12	–	–	12	12
Total	41,872	–	–	41,872	41,872

(c) Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. During the year, the Group's strategy, which was unchanged from 2013, was to continue to monitors its capital structure on the basis of the net debt to adjusted capital ratio at a reasonable level. For this purpose net debt is defined as borrowings amounts due to related parties and obligations under a finance lease less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts recognised in equity. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The gearing ratio at the end of the reporting period was as follows:

	2014 ***HK$'000***	2013 *HK$'000*
Borrowings (note (i))	**7,020**	6,395
Amounts due to related parties (note (i))	**11,500**	–
Obligation under a finance lease (note (i))	**714**	910
Cash and cash equivalents	**(11,609)**	(54,980)
Net debt	**7,625**	(47,675)
Total equity (note (ii))	**268,163**	223,810
Net debt to equity ratio	**2.8%**	N/A

Notes:

(i) Amounts due to related parties, borrowings and obligation under a finance lease are detailed in notes 33, 34 and 36 respectively.

(ii) Total equity includes all capital, reserves and non-controlling interests at the end of the reporting period.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the carrying value of the Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis, categorised into the three levels of the fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level in which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group

		Fair value measurement as at 31st March 2014 categorised into		
	Fair value	**Level 1**	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement				
Assets:				
Available-for-sale financial assets				
– Listed equity securities	**12,773**	**12,773**	**–**	**–**
– Investment funds	**1,155**	**–**	**1,155**	**–**
Financial assets at fair value through profit or loss	**20,357**	**20,357**	**–**	**–**
	34,285	**33,130**	**1,155**	**–**

		Fair value measurement as at 31st March 2013 categorised into		
	Fair value	Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement				
Assets:				
Available-for-sale financial assets				–
– Listed equity securities	11,309	11,309	–	–
– Listed debt securities	11,423	11,423	–	–
– Investment funds	1,274	–	1,274	–
Financial assets at fair value through profit or loss	5,604	5,604	–	–
	29,610	28,336	1,274	–

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

The Company

	Fair value	**Fair value measurement as at 31st March 2014 categorised into**		
	Fair value	**Level 1**	**Level 2**	**Level 3**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement				
Assets:				
Available-for-sale financial assets				
– Listed equity interest	**12,773**	**12,773**	**–**	**–**
Financial assets at fair value through profit or loss	**20,071**	**20,071**	**–**	**–**
	32,844	**32,844**	**–**	**–**

	Fair value	Fair value measurement as at 31st March 2013 categorised into		
	Fair value	Level 1	Level 2	Level 3
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Recurring fair value measurement				
Assets:				
Available-for-sale financial assets				
– Listed equity securities	4,199	4,199	–	–
Financial assets at fair value through profit or loss	5,214	5,214	–	–
	9,413	9,413	–	–

The fair value of financial instruments traded in active markets is based on quoted market price at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those price represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily trading securities and available-for-sale financial assets.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and reply as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

46. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value (Continued)

If one or more of the significant inputs is not based on observable market data, the instrument would be included in level 3.

During the year ended 31st March 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31st March 2014 and 2013.

47. DIVIDEND

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

48. EVENTS AFTER THE END OF THE REPORTING PERIOD

(i) On 10th April 2014, the Group disposed of certain financial assets at fair value through profit or loss, details of which are set out in note 26 to the financial statements and the announcement of Company dated 11th April 2014.

(ii) On 29th May 2014, the Group entered into a provisional agreement with an independent third party regarding disposal of an investment property at a consideration of HK$19,350,000. The expected completion date of the disposal would be 14th July, 2014.

(iii) On 15th May 2004, the Company subscribed for the Allianz Income and Growth Fund amounting to USD1,980,000. The consideration was partially settled by cash and partially settled by a margin loan account interest at the bank's cost of fund plus 1% per annum. Details please refer to the announcement of the Company dated 15th May 2014.

(iv) On 12th June 2014, the Company entered into a non-legally binding memorandum of understanding (the "MOU") with an independent third party (the "Target Company") pursuant to which the Company intends to acquire certain percentage of the issued share capital of the Target Company (the "Possible Acquisition"). The Target Company is principally engaged in the business of recycling, processing and marketing of metals, including ferrous and non-ferrous metals. Details please refer to the announcement of the Company dated 12th June 2014.

49. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Up to the date of issue of these consolidated financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31st March 2014 and which have not been adopted in these financial statements:

		Effective for accounting periods beginning on or after
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1st January 2016
Amendments to HKAS 19	Employee benefits – Defined benefit plans	1st July 2014
Amendments to HKAS 32	Financial instruments: Presentation–Offsetting financial assets and financial liabilities	1st January 2014
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets	1st January 2014
Amendments to HKAS 39	Financial instruments: Recognition and measurement – Novation of derivatives and continuation of hedge accounting	1st January 2014
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS9 and transition disclosures	1st January 2018 (tentatively)
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities	1st January 2014
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operation	1st January 2016
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle	1st July 2014, with limited exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle	1st July 2014
HKFRS 9	Financial instruments	1st January 2018 (tentatively)
HKFRS 14	Regulatory deferral accounts	1st January 2016
HK (IFRIC) – Int 21	Levies	1st January 2014

The Group is assessing the impact of these amendments, interpretations and new standards on its consolidated financial statements. In the opinion of Directors, the Group does not anticipate that the adoption will result in any material impact on the Group's results of operations and financial position.

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation. Details of them are set out in note 8 and 28 to the consolidated financial statements.