



金榜集團控股有限公司
GOLDBOND GROUP HOLDINGS LIMITED

Stock Code: 00172

Interim Report 2014/15



金榜

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Jun (*Chairman*)
Mr. Wong Yu Lung, Charles (*Deputy Chairman*)
Mr. Ding Chung Keung (*Chief Executive Officer*)
Ms. Wong, Michelle Yatyee
Mr. Melvin Jitsumi Shiraki

Independent non-executive Directors

Mr. Ma Ho Fai *SBS JP*
Mr. Cheng Yuk Wo
Mr. Ng Chi Keung *MH*

AUDIT COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Ma Ho Fai *SBS JP*
Mr. Ng Chi Keung *MH*

REMUNERATION COMMITTEE

Mr. Cheng Yuk Wo (*Chairman*)
Mr. Ma Ho Fai *SBS JP*
Mr. Ding Chung Keung

NOMINATION COMMITTEE

Mr. Ng Chi Keung *MH* (*Chairman*)
Mr. Cheng Yuk Wo
Mr. Ding Chung Keung

SECRETARY

Ms. Li Yu Lian, Kelly

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

STOCK CODE

00172

REGISTERED OFFICE

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Tower One, Lippo Centre
89 Queensway
Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16
17th Floor
Hopewell Centre
183 Queen's Road East
Hong Kong

LEGAL ADVISER

Iu, Lai & Li

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China CITIC Bank International Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited

WEBSITES

<http://www.goldbondgroup.com>
<http://www.irasia.com/listco/hk/goldbondgroup/>

Chairman's Statement

On behalf of the board of Directors (the "Board") of Goldbond Group Holdings Limited (the "Company"), I am pleased to present the interim report of the Company and its subsidiaries (collectively the "Group") for the period ended 30 September 2014 (the "Period").

The increased small-to-medium enterprises ("SMEs") activities and investments in the past decade have benefited the growth of non-bank financial business of the Group. However, during the current period of economic restructuring, SMEs face more pressure as overcapacity, insufficient order demand and high production costs persist. The SMEs financing market becomes less stable with a higher default rate. Facing the environment full of challenges, the Group formulated differentiated development strategies and strengthened its capacity to raise and allocate funds to ensure safe business operation and stable development.

Last year, we took a major leap forward to bring "Goldbond" brand to China. Adhering to the needs of SMEs, we established a lending platform in Yancheng, Jiangsu Province, the Peoples' Republic of China ("China"). During the Period, we expanded into commercial factoring and related advisory services through our factoring headquarters in Nanjing, Jiangsu Province, China. As we are allowed to carry out commercial factoring and related advisory services in all parts of China, our service capability to serve diverse financing needs of SMEs has been greatly enhanced. The factoring services business recorded total advances provided to customers of HK\$139.0 million as at 30 September 2014 and recognised total revenue of HK\$6.1 million.

For the small loan financing business, along with the development of online financing platform, the competition among small loan services providers intensifies. In view of the high default rate, we respond by moving to low risk customers with lower interest return. The average interest rate of our loan portfolio decreased. It is estimated that the pressure on the average rate of interest will remain in the near future. After prudent analysis of the operating environment, the Group tightened our credit policies while at the same time put greater efforts on marketing and promotion among customers with high quality assets pledged to the Group as security. As at 30 September 2014, the Group's balance of loan portfolio for small loan financing rose to HK\$133.8 million, representing an increase of 30% as compared to corresponding period of last year. The small loan financing business managed to have revenue growth for the Period by 43% to HK\$6.6 million under the tough operating environment.

We also made good progress in expanding financing channel as required by the Group's strategic development. The Group's operating entity successfully obtained loans from two banks in China. As at 30 September 2014, the bank borrowings amounted to HK\$72.2 million.

As at 30 September 2014, the equity attributable to owners of the Company increased by 2% from the beginning of the Period and exceeded HK\$2,296.7 million. Profit for the Period attributable to the owners of the Company was HK\$85.0 million, representing a decrease of 22%.

To cope with the challenging environment, the Group will continue to serve as an integrated services provider in order to facilitate healthy development of the Group. The Group will identify and develop new products to satisfy customers' diverse needs on one hand, and continue to maintain a sound and prudent risk control policy through effectively management of the default risk on the other hand.

Finally, on behalf of the board of directors and our management team, I would like to thank every shareholders, business partners and customers for their continued support and encouragement.

Wong Yu Lung, Charles
Deputy Chairman

Hong Kong, 27 November 2014

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend in respect of the results for the Period (corresponding period in 2013: nil).

FINANCIAL REVIEW

Revenue

The Group generated total revenue for the Period of HK\$35.4 million (corresponding period in 2013: HK\$31.4 million) representing a growth of HK\$4.0 million.

Financing service segment

– *Small loan financing*

In view of the large demand for financing channel from SMEs and as part of the growth strategies, the Group established a small loan lending platform in Yancheng, Jiangsu Province, China. The Group had a competitive advantage in both operational scale and flexibility to cater different financial needs of SMEs, as the approved registered capital of our operating entity, which directly related to the total capital available for granting loans and the maximum size of individual loan, amounted to US\$30 million.

During the Period, the interest income and service fee income from small loan financing increased by 43% to HK\$6.6 million (corresponding period in 2013: HK\$4.6 million). Such increase is contributed by net effect of two factors: the increase in average balance of loan portfolio and the drop in average interest rate. The Group's balance of loan portfolio for small loan financing rose from HK\$103.3 million as at 30 September 2013 to HK\$133.8 million as at 30 September 2014, representing an increase of 30%. The increase reflects the business expansion of the Group and the Group's efforts in exploration of customers' base. The average interest rate recorded a decline, which was contributed by the growth in value of contracts with lower profit but with high quality assets pledged to the Group as security.

– *Loan to Rongzhong Group*

The interest income generated from the loans provided to Rongzhong Group Limited ("Rongzhong Group") for the Period was HK\$22.8 million (corresponding period in 2013: HK\$26.8 million). As at 30 September 2014, the loan of HK\$489.4 million (31 March 2014: HK\$466.6 million), bearing a fixed interest rate of 5% per annum, was unsecured and details of the loan were disclosed in our circular dated 23 September 2011.

Factoring service segment

During the Period, we established our factoring headquarters in Nanjing, Jiangsu Province, China with the approval from Ministry of Commerce of China. The operating entity, with registered capital of RMB50 million, is authorised to offer factoring and related advisory services in all parts of China. The business scope expansion enabled us to adhere to the trade financing needs of SMEs. During the Period, the factoring service segment achieved satisfactory growth, recorded total advances provided to customers of HK\$139.0 million as at 30 September 2014 and generated revenue of HK\$6.1 million.

Management Discussion and Analysis

Staff costs and other operating expenses

Staff costs of the Group increased by HK\$2.6 million to HK\$10.6 million, representing an increase of 32% from the corresponding period of last year. The increase is contributed by the increase in the headcount of full-time staff in Nanjing and Yancheng, China.

Other operating expenses decreased by HK\$1.5 million to HK\$7.2 million, representing a decrease of 18% from the corresponding period of last year. The decrease in other operating expenses was mainly due to the net effect of absence of exchange losses arising on translation of non-Renminbi denominated net assets and the increase in office expenses resulting from the business expansion in Nanjing and Yancheng, China.

Direct finance costs

The direct finance costs represented the interest expenses of bank loans raised during the Period. The loan balance as at 30 September 2014 was HK\$72.2 million (31 March 2014: nil).

Share of profit of joint ventures

The share of profit of joint ventures for the Period amounted to HK\$73.8 million (corresponding period in 2013: HK\$57.7 million) which composed of the profit shared by its 47.94% owned joint venture-Rongzhong Capital Holdings Limited ("Rongzhong Capital") and its 40% owned joint venture-Rongzhong Group.

Rongzhong Capital and its subsidiaries ("Rongzhong Capital Group") engages in the business of provision of financial leasing services, such as direct leasing, sales and leaseback, leveraged leasing, lease with buy-back undertaking and other related consultancy services to SMEs over various provinces and cities in China. The revenue and profit of Rongzhong Capital for the Period was HK\$109.2 million and HK\$35.2 million, respectively (corresponding period in 2013: HK\$104.7 million and HK\$40.5 million, respectively). The decrease in profit was mainly due to higher level of impairment allowances of HK\$7.2 million (corresponding period in 2013: nil) was experienced. The share of profit of Rongzhong Capital Group for the Period was HK\$16.9 million (corresponding period from the date of Completion (as defined below) to 30 September 2013: HK\$10.6 million).

Rongzhong Group and its subsidiaries ("Rongzhong Group Companies") engage principally in the business of financing, loan guarantee and financial consulting services. With business operation for more than one decade, Rongzhong Group Companies have developed strong and cohesive business relationship with numerous SMEs and banks in China. The revenue and profit of Rongzhong Group Companies for the Period was HK\$375.2 million and HK\$145.8 million, respectively (corresponding period in 2013: HK\$211.4 million and HK\$125.5 million, respectively). The increase in profit by a smaller extent as compared to revenue was mainly because of the higher finance costs and operating expenses associated with the growth of the financing business and a higher level of impairment allowances of HK\$96.8 million (corresponding period in 2013: HK\$10.7 million). The share of profit of Rongzhong Group for the Period increased by HK\$9.8 million to HK\$56.9 million (corresponding period in 2013: HK\$47.1 million).

Discontinued operations

On 21 June 2013, Rongzhong Capital completed an issuance of new shares to its key management ("Completion"), details of which were set out in the circular of the Company dated 24 May 2013. Upon Completion, the Company's equity interest in Rongzhong Capital was reduced to approximately 47.94%, and Rongzhong Capital ceased to be a subsidiary of the Company. The condensed consolidated financial results and position of Rongzhong Capital Group were deconsolidated from, and then accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter. The share of result of Rongzhong Capital for the Period was disclosed in the sectioned headed "Share of profit of joint ventures".

As a result of the share issuance, the Group recognised a non-recurring profit from discontinued operations of HK\$47.2 million for the period ended 30 September 2013, which composed of profit from financial leasing and financing operations of Rongzhong Capital Group prior to the date of Completion of HK\$18.4 million and gain on deemed disposal of subsidiaries of HK\$28.8 million.

Profit for the Period

As a result of the foregoing, together with a negative financial impact on the change in fair value of financial liabilities arising from shareholders' agreements of joint ventures of HK\$11.5 million (corresponding period in 2013: HK\$7.6 million), the Group generated a total profit for the Period attributable to the owners of the Company of HK\$85.0 million (corresponding period in 2013: HK\$108.8 million), representing a decrease of about 22%.

Financial Resources and Capital Structure

The Group always maintains healthy cash position and sufficient capital for business development. As at 30 September 2014, the aggregate sum of cash, bank balances and short term bank deposits amounted to HK\$378.3 million (31 March 2014: HK\$514.9 million). The working capital (current assets less current liabilities) and the total equity of the Group were HK\$740.5 million (31 March 2014: HK\$597.9 million) and HK\$2,296.7 million (31 March 2014: HK\$2,252.3 million) respectively.

As at 30 September 2014, the bank borrowings of HK\$72.2 million were granted by banks in China to an indirect wholly-owned subsidiary to support the provision of the factoring service. As at 31 March 2014, the Group had no bank borrowings. The Group has not entered into any hedging instruments to reduce interest rate risk exposure.

Liquidity and Gearing Ratio

As at 30 September 2014, the current ratio (current assets/current liabilities) of the Group dropped to 2.8 times (31 March 2014: 16.4 times) and the debt-to-equity ratio (total bank borrowings/total equity) of the Group was increased to 3.1% (31 March 2014: nil) with the increase in bank borrowings. The net debt-to-equity ratio remained zero (31 March 2014: zero).

Charges on Group Assets

As at 30 September 2014, there was no charge on the Group's assets.

Exposure to Fluctuations in Exchange Rates

The Group reports its operating result in Hong Kong dollar but major operations of the Group are carried out in China, transacted and recorded in Renminbi with some monetary assets and liabilities denominated in other foreign currencies. The Group is, thus, exposed to the fluctuation in exchange rates between Renminbi, Hong Kong dollar and other currencies. At present, the Group has not entered into any hedging or other instrument to reduce currency risks. However, the management will closely monitor the Group's exposure to the fluctuation of exchange rates and take appropriate measures as necessary to minimise any adverse impact that may be caused by such fluctuation.

Contingent Liabilities

As at 30 September 2014, the Company had given a guarantee in respect of bank borrowings of RMB65.2 million equivalent to approximately HK\$82.5 million (31 March 2014: RMB82.6 million equivalent to approximately HK\$104.6 million) to a joint venture of the Group. The guarantee provided by the Company was approximately 47.94% of all sums payable by the borrower.

Employees and Remuneration Policy

As at 30 September 2014, the Group had 33 staff located in both Hong Kong and China. The Group remunerates these employees based on their performance, experience and prevailing industry practices. Other benefits offered to these employees include medical insurance, retirement scheme and training subsidies. In addition, the Group has set up a share option scheme for the purpose of providing incentives to the eligible employees.

Corporate Governance

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize a quality Board, sound internal controls, and transparency and accountability to all shareholders.

Save as disclosed below, the Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) throughout the Period. Pursuant to Code E.1.2 of the CG Code, the chairman should attend the annual general meeting of the Company (“AGM”). Mr. Wang Jun, the Chairman of the Board (the “Chairman”), was unable to attend the AGM held on 26 August 2014 due to other prior business engagement.

BOARD COMPOSITION AND BOARD PRACTICES

The Board is collectively responsible for the oversight of the management of the business and affairs of the Group with the objective of enhancing shareholders’ value. The Board consists of a total of eight Directors, comprising five Executive Directors, and three Independent Non-executive Directors. At least one-third of the Board are Independent Non-executive Directors of which more than one have appropriate professional qualifications, or accounting or related financial management expertise as required by the Listing Rules. All Directors (including Independent Non-executive Directors) are subject to retirement by rotation once every three years and are subject to re-election in accordance with the Company’s Articles of Association and the CG Code.

The positions of the Chairman and the Chief Executive Officer are currently held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group’s business.

All Directors have made active contribution to the affairs of the Board and the Board has always acted in the best interests of the Group. In addition to regular Board meetings, the Chairman meets with the Independent Non-executive Directors) without the presence of Executive Directors at least once every year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the model code for securities transactions by directors of listed issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors confirmed that they fully complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company established its audit committee (the “Audit Committee”) in June 2003 and has formulated its written terms of reference, which have from time to time been modified, in accordance with the prevailing provisions of the CG Code. The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Audit Committee), Mr. Ma Ho Fai SBS JP and Mr. Ng Chi Keung MH. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting system and internal control procedures, review of the Group’s financial information, review of the relationship with the external auditor of the Company and performance of the corporate governance functions delegated by the Board.

The Group’s interim report for the six months ended 30 September, 2014 has been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The Company established its remuneration committee (the “Remuneration Committee”) in March 2005 with a majority of the members thereof being Independent Non-executive Directors. The Remuneration Committee comprises two Independent Non-executive Directors, namely, Mr. Cheng Yuk Wo (Chairman of the Remuneration Committee) and Mr. Ma Ho Fai SBS JP, and one Executive Director, Mr. Ding Chung Keung.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company’s policy and structure for the remuneration of Directors and the senior management, and reviewing the remuneration packages of all Executive Directors and the senior management with reference to the corporate goals and objectives of the Board resolved from time to time.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its nomination committee (the “Nomination Committee”) in March 2012 with a majority of the members thereof being Independent Non-executive Directors. The Nomination Committee comprises two Independent Non-executive Directors, namely, Mr. Ng Chi Keung MH (Chairman of the Nomination Committee) and Mr. Cheng Yuk Wo, and one Executive Director, Mr. Ding Chung Keung.

The primary objectives of the Nomination Committee are to review the size, structure and composition of the Board, identify suitably qualified individual for appointment to the Board, assess the independence of independent non-executive Directors and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

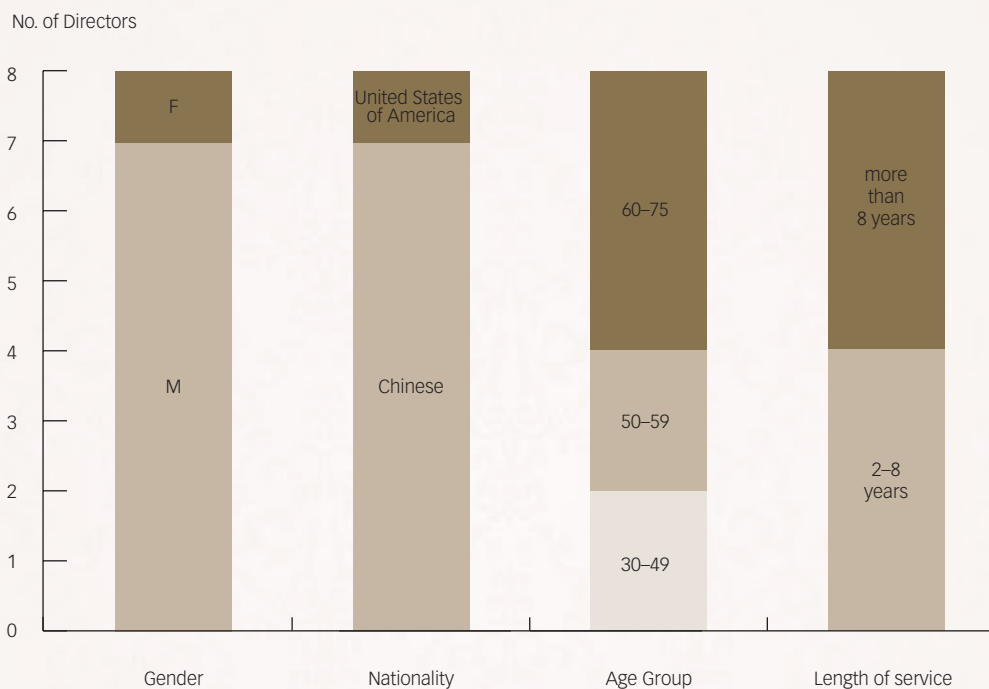
The Company establishes different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose to receive such documents using electronic means through the Company’s website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company’s website offers a communication channel between the Company and its shareholders and stakeholders; (v) briefing meetings with analysts are arranged from time to time to update interested parties on the performance of the Group; and (vi) the Company’s Registrar deals with shareholders for share registration and related matters.

Corporate Governance

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy on 1 September 2013 which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.



Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF GOLDBOND GROUP HOLDINGS LIMITED

Introduction

We have reviewed the condensed consolidated financial statements of Goldbond Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 10 to 31, which comprise the condensed consolidated statement of financial position as of 30 September 2014 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

27 November 2014

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Notes	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Continuing operations			
Revenue	3	35,433	31,355
Other income		8,067	7,652
Staff costs		(10,561)	(8,016)
Other operating expenses		(7,169)	(8,722)
Change in fair values of financial liabilities		(11,542)	(7,630)
Direct finance costs		(151)	–
Other finance costs		(264)	(230)
Share of profit of joint ventures		73,813	57,716
Profit before taxation	4	87,626	72,125
Taxation	5	(2,662)	(1,345)
Profit for the period from continuing operations		84,964	70,780
Discontinued operations			
Profit for the period from discontinued operations	6	–	47,188
Profit for the period		84,964	117,968
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation		–	28,726
Share of other comprehensive income of a joint venture		–	15,356
Other comprehensive income for the period		–	44,082
Total comprehensive income for the period		84,964	162,050
Profit for the period attributable to:			
Owners of the Company		84,964	108,763
Non-controlling interests		–	9,205
		84,964	117,968
Total comprehensive income for the period attributable to:			
Owners of the Company		84,964	147,172
Non-controlling interests		–	14,878
		84,964	162,050
Earnings per share	8		
From continuing and discontinued operations			
– Basic		HK 3.10 cents	HK 3.96 cents
– Diluted		HK 3.08 cents	HK 3.96 cents
From continuing operations			
– Basic		HK 3.10 cents	HK 2.58 cents
– Diluted		HK 3.08 cents	HK 2.58 cents

Condensed Consolidated Statement of Financial Position

At 30 September 2014

	Notes	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Non-current assets			
Equipment	9	3,243	3,101
Interests in joint ventures	10	1,556,076	1,482,263
Loan to a joint venture	10	–	466,588
Club debentures		18,639	18,639
Deferred tax asset		3,686	3,212
		1,581,644	1,973,803
Current assets			
Loan to a joint venture	10	489,362	–
Advances provided to customers	11	272,763	116,804
Prepayments, deposits and other receivables		6,260	5,001
Short term bank deposits			
– with original maturity within three months		200,490	229,578
– with original maturity more than three months		60,316	102,992
Bank balances and cash		117,519	182,308
		1,146,710	636,683
Current liabilities			
Other payables and accrued charges		21,561	34,569
Taxation		3,163	650
Bank borrowings	12	72,152	–
Liabilities under shareholders' agreements	13	309,307	3,606
		406,183	38,825
Net current assets		740,527	597,858
Total assets less current liabilities		2,322,171	2,571,661
Capital and reserves			
Share capital		822,433	822,433
Reserves		1,474,287	1,429,882
Total equity		2,296,720	2,252,315
Non-current liabilities			
Liabilities under shareholders' agreements	13	21,537	315,696
Redeemable convertible preference shares	14	3,914	3,650
		25,451	319,346
		2,322,171	2,571,661

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company										Attributable to non-controlling interest	Total
	Share capital	Share premium	Investment revaluation reserve	Employee share-based compensation reserve	General reserve	Capital reserve	Statutory surplus reserve	Translation reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	274,501	547,932	3,000	54,372	6,000	35,035	5,707	111,690	1,077,891	2,116,128	220,721	2,336,849
Exchange differences arising on translation	-	-	-	-	-	-	-	23,053	-	23,053	5,673	28,726
Share of other comprehensive income of joint ventures	-	-	-	-	-	-	-	14,904	-	14,904	-	14,904
Profit for the year	-	-	-	-	-	-	-	-	135,668	135,668	9,205	144,873
Total comprehensive income for the year	-	-	-	-	-	-	-	37,957	135,668	173,625	14,878	188,503
Dividends recognised as distribution (Note 7)	-	-	-	-	-	-	-	-	(41,175)	(41,175)	-	(41,175)
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	547,932	(547,932)	-	-	-	-	-	-	-	-	-	-
Derecognised upon deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(235,599)	(235,599)
Realisation of reserve upon deemed disposal of subsidiaries	-	-	-	-	-	(35,035)	(5,707)	(6,093)	46,835	-	-	-
Realisation of reserve upon disposal of a subsidiary	-	-	-	-	-	-	-	(2,218)	2,218	-	-	-
Recognition of equity-settled share-based payments	-	-	-	3,737	-	-	-	-	-	3,737	-	3,737
Transferred to statutory surplus reserve	-	-	-	-	-	-	466	-	(466)	-	-	-
At 31 March 2014 (audited)	822,433	-	3,000	58,109	6,000	-	466	141,336	1,220,971	2,252,315	-	2,252,315
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	-	84,964	84,964	-	84,964
Dividends recognised as distribution (Note 7)	-	-	-	-	-	-	-	-	(41,175)	(41,175)	-	(41,175)
Lapse of share options	-	-	-	(198)	-	-	-	-	198	-	-	-
Recognition of equity-settled share-based payments (Note 15)	-	-	-	616	-	-	-	-	-	616	-	616
At 30 September 2014 (unaudited)	822,433	-	3,000	58,527	6,000	-	466	141,336	1,264,958	2,296,720	-	2,296,720

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company										Attributable to non-controlling interest	Total
	Share capital	Share premium	Investment revaluation reserve	Employee share-based compensation reserve	General reserve	Capital reserve	Statutory surplus reserve	Translation reserve	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2013 (audited)	274,501	547,932	3,000	54,372	6,000	35,035	5,707	111,690	1,077,891	2,116,128	220,721	2,336,849
Exchange differences arising on translation	-	-	-	-	-	-	-	23,053	-	23,053	5,673	28,726
Share of other comprehensive income of a joint venture	-	-	-	-	-	-	-	15,356	-	15,356	-	15,356
Profit for the period	-	-	-	-	-	-	-	-	108,763	108,763	9,205	117,968
Total comprehensive income for the period	-	-	-	-	-	-	-	38,409	108,763	147,172	14,878	162,050
Dividends recognised as distribution (Note 7)	-	-	-	-	-	-	-	-	(41,175)	(41,175)	-	(41,175)
Derecognised upon deemed disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(235,599)	(235,599)
Realisation of reserve upon deemed disposal of subsidiaries	-	-	-	-	-	(35,035)	(5,707)	(6,093)	46,835	-	-	-
Recognition of equity-settled share-based payments (Note 15)	-	-	-	1,992	-	-	-	-	-	1,992	-	1,992
At 30 September 2013 (unaudited)	274,501	547,932	3,000	56,364	6,000	-	-	144,006	1,192,314	2,224,117	-	2,224,117

Note: Pursuant to the articles of association of the group companies established in the People's Republic of China ("China"), the group companies are required to appropriate 10% or an amount to be determined by the directors of their respective profits after taxation in accordance with the relevant China accounting rules and financial regulations before any distribution of dividends to equity holders each year to the statutory surplus reserve until their balances reach 50% of their respective registered capital.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2014

Notes	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Net cash (used in) from operating activities		
	(157,858)	(103,298)
	–	31,901
	–	9,917
	(16,632)	79,646
	(174,490)	18,166
Net cash from investing activities		
	71,100	160,001
	(28,424)	–
	7,473	7,306
9	388	254
9	(750)	(1,241)
16	–	(10,164)
	49,787	156,156
Net cash from (used in) financing activities		
	72,152	41,728
	–	(143,378)
7	(41,175)	(41,175)
	(151)	(18,420)
	30,826	(161,245)
	(93,877)	13,077
	411,886	340,022
	–	8,418
	318,009	361,517
Analysis of balances of cash and cash equivalents		
	117,519	218,187
	200,490	143,330
	318,009	361,517

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, the following new or interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment entities;
- Amendments to HKAS 32 Offsetting financial assets and financial liabilities;
- Amendments to HKAS 36 Recoverable amount disclosures for non-financial assets;
- Amendments to HKAS 39 Novation of derivatives and continuation of hedge accounting; and
- HK(IFRIC) – INT 21 Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied new or revised standards and amendments that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The Group’s operating segments, identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess performance, are summarised as follows:

- (a) Provision of financing service including financing, project financing and consultancy service; and
- (b) Provision of factoring service.

The segment information in respect of continuing operations is reported below.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

3. SEGMENT INFORMATION (continued)

Segment revenue and results

An analysis of the Group's revenue and results from continuing operations by reportable and operating segments is as follows:

Six months ended 30 September 2014

Continuing operations

	Financing service HK\$'000	Factoring service HK\$'000 (Note)	Total HK\$'000
Revenue from customers	29,354	6,079	35,433
Segment results	25,316	5,781	31,097
Unallocated other income			7,473
Change in fair values of financial liabilities			(11,542)
Central administration costs			(12,951)
Other finance costs			(264)
Share of profit of joint ventures			73,813
Profit before taxation (continuing operations)			87,626

Six months ended 30 September 2013

Continuing operations

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Revenue from customers	31,355	–	31,355
Segment results	29,970	–	29,970
Unallocated other income			7,267
Change in fair values of financial liabilities			(7,630)
Central administration costs			(10,641)
Net exchange loss			(4,327)
Other finance costs			(230)
Share of profit of joint ventures			57,716
Profit before taxation (continuing operations)			72,125

Segment results represent the profit earned by each segment without allocation of central administration costs, other income (primarily bank interest income), change in fair values of financial liabilities, net exchange loss, other finance costs and share of profit of joint ventures. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities

An analysis of the Group's assets and liabilities by reportable segments is as follows:

At 30 September 2014

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Assets			
Segment assets	625,412	139,014	764,426
Interests in joint ventures			1,556,076
Deferred tax asset			3,686
Unallocated assets			404,166
Total assets			2,728,354
Liabilities			
Segment liabilities	155	72,540	72,695
Unallocated liabilities			358,939
Total liabilities			431,634

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

3. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

At 31 March 2014

	Financing service HK\$'000	Factoring service HK\$'000	Total HK\$'000
Assets			
Segment assets	585,674	–	585,674
Interests in joint ventures			1,482,263
Deferred tax asset			3,212
Unallocated assets			539,337
Total assets			2,610,486
Liabilities			
Segment liabilities	846	–	846
Unallocated liabilities			357,325
Total liabilities			358,171

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments other than the interests in joint ventures, club debentures, short term bank deposits, bank balances and cash, and certain corporate assets for central administrative uses. All liabilities are allocated to reportable segments other than taxation payable, liabilities under shareholders' agreements, redeemable convertible preference shares and certain corporate liabilities incurred for central administrative purpose.

Revenue from continuing operations represents income generated from external customers in China of HK\$12,659,000 (HK\$4,596,000 for the six months ended 30 September 2013) and loan interest income generated from a joint venture incorporated outside China of HK\$22,774,000 (HK\$26,759,000 for the six months ended 30 September 2013).

Note: Included in segment results are direct finance costs of HK\$151,000 (nil for the six months ended 30 September 2013) attributable to the factoring service business.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

4. PROFIT BEFORE TAXATION – CONTINUING OPERATIONS

Profit before taxation from continuing operations has been arrived at after charging (crediting) the following items:

Continuing operations

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Impairment losses on advances provided to customers	1,899	–
Imputed interest on redeemable convertible preference shares	264	230
Interest on bank borrowings repayable within one year	151	–
Depreciation of equipment	608	375
Gain on disposal of equipment	(388)	(254)
Interest income from bank deposits	(7,473)	(7,267)
Operating lease rentals in respect of properties	1,743	1,300
Net exchange loss	–	4,327

5. TAXATION

Continuing operations

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
The charge comprises:		
Current tax		
Enterprise Income Tax in China		
– Provision for the current period	3,136	1,345
Deferred taxation	(474)	–
	2,662	1,345

Taxation for subsidiaries in China is calculated at the appropriate current rate of taxation in China.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the accumulated profits of the subsidiaries in China totalling HK\$6,949,000 (31 March 2014: HK\$784,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

6. DISCONTINUED OPERATIONS

On 2 May 2013, Rongzhong Capital Holdings Limited (“Rongzhong Capital”), entered into the subscription agreement with the subscribers, pursuant to which the subscribers conditionally agreed to subscribe for and Rongzhong Capital conditionally agreed to allot and issue the subscription shares, being 4,422 Rongzhong Capital’s new shares, at an aggregate consideration of US\$3.0 million (equivalent to approximately HK\$23.4 million).

Details of the subscription were disclosed in the circular dated 24 May 2013 issued by the Company.

On 21 June 2013, upon completion of the above transaction, the Company’s equity interest in Rongzhong Capital and its subsidiaries (collectively the “Disposal Group”) was reduced to approximately 47.94% and Rongzhong Capital was ceased to be a subsidiary of the Company. The financial results and position of the Disposal Group were deconsolidated from, and accounted for as a joint venture using equity method in the condensed consolidated financial statements of the Group thereafter.

The operations regarding financial leasing and financing services carried out by the Disposal Group had been treated as discontinued operations.

Profit for the period from discontinued operations

	1.4.2013 to 21.6.2013 HK\$'000 (Unaudited)
Revenue	51,093
Other income	39
Staff costs	(626)
Other operating expenses	(909)
Finance costs	(24,918)
Profit before taxation	24,679
Taxation	(6,249)
Profit from financial leasing and financing service operations	18,430
Gain on deemed disposal of subsidiaries (Note 16)	28,758
Profit for the period from discontinued operations	47,188
Profit for the period from discontinued operations attributable to:	
Owners of the Company (Note 8)	37,983
Non-controlling interests	9,205
	47,188
Profit for the period from discontinued operations included the following:	
Interest on bank borrowings	18,420
Depreciation of equipment	142
Interest income from bank deposits	(39)
Operating lease rentals in respect of properties	155
Net exchange loss	82

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

6. DISCONTINUED OPERATIONS (continued)

Cash flows from discontinued operations

	1.4.2013 to 21.6.2013 HK\$'000 (Unaudited)
Net cash from operating activities	95,568
Net cash used in investing activities	(69)
Net cash used in financing activities	(120,070)
Net cash outflows	(24,571)

7. DIVIDENDS

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Dividends recognised as distribution and paid during the period:		
Final dividends of HK 1.5 cents per share in respect of the year ended 31 March 2014 (2013: In respect of the year ended 31 March 2013 of HK 1.5 cents per share)	41,175	41,175

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 September 2014 (nil for the six months ended 30 September 2013).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

8. EARNINGS PER SHARE

From continuing and discontinued operations

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

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	84,964	108,763
Number of shares:	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,745,013	2,745,013
Effect of dilutive potential ordinary shares:		
Share options	10,790	1,212
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,755,803	2,746,225

From continuing operations

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

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Earnings figures are calculated as follows:		
Profit for the period attributable to owners of the Company	84,964	108,763
Less: Profit for the period from discontinued operations attributable to owners of the Company (Note 6)	-	(37,983)
Earnings for the purpose of basic and diluted earnings per share from continuing operations	84,964	70,780

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

8. EARNINGS PER SHARE (continued)

From discontinued operations

For the period ended 30 September 2013, basic and diluted earnings per share for the discontinued operations was HK 1.38 cents per share, based on the profit for the period from the discontinued operations attributable to owners of the Company of HK\$37,983,000 and the denominators detailed above for both basic and diluted earnings per share.

9. MOVEMENTS IN EQUIPMENT

During the period, the Group incurred HK\$750,000 (HK\$1,241,000 for the six months ended 30 September 2013) to acquire equipment for its business use.

In addition, the Group disposed of certain equipment with an aggregate carrying amount of nil (nil for the six months ended 30 September 2013) for cash proceeds of HK\$388,000 (HK\$254,000 for the six months ended 30 September 2013), resulting in a gain on disposal of HK\$388,000 (HK\$254,000 for the six months ended 30 September 2013).

10. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE

As at 30 September 2014 and 31 March 2014, the Group had interests in the following significant joint ventures:

Name of joint venture	Form of business structure	Place of incorporation	Principal place of operation	Effective ownership interest indirectly held by the Company		Proportion of voting power held by the Group (Note)		Principal activity
				30.9.2014	31.3.2014	30.9.2014	31.3.2014	
Rongzhong Group Limited ("Rongzhong Group")	Limited	British Virgin Islands	China	40%	40%	40%	40%	Provision for financing and loan guarantee services
Rongzhong Capital (Note 6)	Limited	British Virgin Islands	China	47.94%	47.94%	47.94%	47.94%	Provision for financial leasing service

Note: Based on the legal form and terms of the contractual arrangements, the interests in Rongzhong Group and Rongzhong Capital are classified as joint ventures as the major decisions require the unanimous consent among the shareholders.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

10. INTERESTS IN JOINT VENTURES/LOAN TO A JOINT VENTURE (continued)

	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Cost of investments in joint ventures, unlisted	1,316,317	1,316,317
Share of post-acquisition profit and other comprehensive income, net of dividends received	239,759	165,946
	1,556,076	1,482,263

As at 30 September 2014, the unsecured loan to the joint venture, Rongzhong Group, of HK\$489,362,000 (31 March 2014: HK\$466,588,000) bearing a fixed interest rate of 5% per annum, which was reduced from 10% per annum on 26 October 2011 pursuant to the terms of the introduction (the "Introduction") with details disclosed in the circular dated 23 September 2011 (the "2011 Circular"), was unsecured and expected to be repaid within one year.

11. ADVANCES PROVIDED TO CUSTOMERS

	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Advances provided to customers	287,509	129,651
Less: Impairment allowances	(14,746)	(12,847)
	272,763	116,804

As at 30 September 2014, the advances provided to customers, which bore fixed coupon interest at a rate of not more than 16.8% per annum, were repayable according to the loan agreements and factoring facility agreements. The balances were secured by assets such as properties, bank drafts, and equity interests in certain private entities in China where applicable.

The following is an ageing analysis of advances provided to customers determined based on the advance payment date, as at the end of the reporting period:

	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Less than one month	154,384	75,809
More than one month but less than three months	74,748	8,620
More than three months but less than six months	3,544	19,084
More than six months	40,087	13,291
	272,763	116,804

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

12. BANK BORROWINGS

During the period, the Group obtained bank borrowings of HK\$72,152,000 (HK\$41,728,000 for the six months ended 30 September 2013) and repaid bank borrowings of nil (HK\$143,378,000 for the six months ended 30 September 2013). The bank borrowings carried fixed interest ranging from 5.6% to 6.0% per annum as at 30 September 2014.

13. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS

	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Current		
Call option	4,358	3,606
Provision for share subscription	304,949	–
	309,307	3,606
Non-current		
Provision for share subscription	–	297,640
Estimated liability	21,537	18,056
	21,537	315,696
Total	330,844	319,302

As a result of the Introduction, the Group, on 26 October 2011, entered into two shareholders' agreements pursuant to which the following financial instruments in relation to the Group were issued. Definitions of the capitalised terms and other details are set forth in the 2011 Circular.

Call option

Pursuant to the terms of the shareholders' agreements, a call option (the "Call Option") was granted to Mr. Xie Xiao Qing ("Mr. Xie"), a former executive director of the Company, to purchase 342,500 shares of Rongzhong Group from Perfect Honour Limited ("Perfect Honour") before completion of a proposed event, but in any event no later than 31 December 2015, at a price per share equal to (I) the price per share of Rongzhong Group under the Xie's S&P Agreement plus (II) an interest of 6% per annum, compounded annually, on the price per share of Rongzhong Group under the Xie's S&P Agreement from 26 October 2011 to the exercise date.

As at 30 September 2014, the fair value of the Call Option was derived at after taking into consideration the expected completion date of a proposed event, the underlying business value of Rongzhong Group and the adoption of the Black-Scholes model with the following details.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

13. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS (continued)

Call option (continued)

Date of valuation	30.9.2014	31.3.2014
Fair value at measurement dates (HK\$)	4,358,000	3,606,000
Exercise price (HK\$)	82.03	82.03
Expected volatility	37.833%	41.419%
Expected dividends	–	–
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	0.200%	0.393%

Provision for share subscription

Pursuant to the terms of the shareholders' agreements, Perfect Honour has undertaken to, subject to the happening of any one of the two triggering events as set forth in the 2011 Circular, subscribe additional shares of Rongzhong Group at a subscription price of HK\$315,240,000 (the "Share Subscription").

As at 30 September 2014, the fair value of the provision for the Share Subscription was measured based on the discounted cash flow method with the following details:

Date of valuation	30.9.2014	31.3.2014
Fair value at measurement dates (HK\$)	304,949,000	297,640,000
Expected date of a triggering event to occur	31 December 2015	31 December 2015
Subscription price (HK\$)	315,240,000	315,240,000
Discount rate (prevailing market lending rate in Hong Kong)	4.525%	4.703%

Estimated liability

Pursuant to the terms of the shareholders' agreements, Silver Creation Investments Limited ("Silver Creation") may, subject to the happening of a triggering event as set forth in the 2011 Circular by 31 December 2015, request Perfect Honour, Yong Hua International Limited ("Yonghua"), Legend Crown International Limited ("Legend Crown") and Plenty Boom Investments Limited ("Plenty Boom") either (I) to immediately fulfill their respective obligations for the Share Subscription; or (II) at their sole and absolute discretion jointly elect to either purchase or procure Rongzhong Group and/or Rongzhong Capital to redeem all their respective shares of Rongzhong Group and/or Rongzhong Capital owned by the Silver Creation resulting from the Introduction at a price equal to the Silver Creation's investment cost plus the higher of (a) 12% on such investment cost and (b) the undistributed profits of Rongzhong Group and Rongzhong Capital attributable to the Silver Creation, and, in the case of redemption of shares of Rongzhong Group, minus the consideration paid, if any, by Mr. Xie to the Silver Creation as a result of the exercise of a call option granted by the Silver Creation to Mr. Xie under the shareholders' agreements.

The fair value of estimated liability with respect to (I) was included in the provision for share subscription. As at 30 September 2014, the fair value of the estimated liability attributable to the Group with respect to (II) was measured based on the discounted cash flow method with the management's assumptions on the estimated liability, probability of occurrence of the triggering event, discount rate and time to extinguishment of the estimated liability.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

13. LIABILITIES UNDER SHAREHOLDERS' AGREEMENTS (continued)

Estimated liability (continued)

The discount rate is the sum of risk-free interest rate, credit spread and liquidity risk premium as at the date of valuation.

If the unobservable input regarding the probability of the triggering event to occur to the valuation model was 5% higher/lower while all the other variables were held constant, the carrying amount of the estimated liability would increase/decrease by HK\$2,615,000.

The Group used valuation techniques to determine the fair value certain derivatives when it is unable to obtain the open market quotation in active markets.

For the six months ended 30 September 2014 and year ended 31 March 2014, there were no transfers in/out for level 3 of the fair value hierarchy. The change in fair value of HK\$11,542,000 (HK\$7,630,000 for the six months ended 30 September 2013) was recognised in profit or loss in the condensed consolidated statement of profit or loss and other comprehensive income.

14. REDEEMABLE CONVERTIBLE PREFERENCE SHARES

As at 30 September 2014, 68,400,000 (31 March 2014: 68,400,000) preference shares were in issue.

Pursuant to the terms and conditions of the preference shares, the preference shares may be redeemed by the holders of the preference shares at any time subsequent to 50 years after the date of issue on 18 September 2001 at a redemption value of HK\$10.00 per preference share. The preference shares carry no right to dividend distributions to the holders. The preference shares were convertible until 17 September 2004 and the conversion rights attached to the preference shares lapsed with no conversion then.

The liability component of the preference shares is carried at amortised cost based on an effective interest rate of 13.97% per annum.

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

A share option scheme was adopted by the Company on 18 September 2002 (the "2002 Share Option Scheme") with amendments made on 29 August 2003 to give clarity to it. Upon a new share option scheme of the Company came into effect on 31 August 2012, the 2002 Share Option Scheme was terminated and no further share options will be granted thereunder, but the provisions of the 2002 Share Option Scheme will remain in full force and effective to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

The Company has one share option scheme in operation for eligible directors of the Company and eligible employees of the Group and other participants. Details of the share options outstanding during the current period are as follows:

	Number of share options
Outstanding at 1 April 2014	280,800,000
Lapsed during the period	(3,000,000)
Outstanding at 30 September 2014	277,800,000

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

15. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (continued)

The following assumptions were used to calculate the fair value of share options granted during the prior period:

	Independent non-executive director	Employees
Grant dates	28.6.2013	28.6.2013
Fair value at measurement dates (HK\$)	0.103	0.078
Share price (HK\$)	0.295	0.295
Exercise price (HK\$)	0.295	0.295
Expected volatility (expressed as a weighted average volatility used in the modelling under trinomial lattice model)	48.04%	48.04%
Option life	10 years	10 years
Expected dividends	4.88%	4.88%
Risk-free interest rate (based on Exchange Fund Notes)	2.00%	2.00%
Post-vesting exit rate	–	7.49%
Exercise cap	180%	120%

The expected volatility is based on the historical volatility of the Company's share price over the previous 5 years, adjusted for any expected changes to future volatility due to publicly available information. Expected dividends are based on historical dividends. The trinomial lattice model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing price of the Company's shares immediately before 28 June 2013, the date of the grant, was HK\$0.27. The exercise price is HK\$0.295. The estimated fair value of the share options granted on that date was HK\$2,514,000.

During the period, the Group recognised total expenses of HK\$616,000 (HK\$1,992,000 for the six months ended 30 September 2013) in relation to share options granted by the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

16. DEEMED DISPOSAL OF SUBSIDIARIES

On 21 June 2013, the Group disposed of the Disposal Group which carried out the financial leasing service and financing service businesses.

	21.6.2013 HK\$'000 (Unaudited)
Equipment	618
Loan to a joint venture	177,532
Amount due from a joint venture	709
Finance leases receivable	1,653,485
Prepayments, deposits and other receivables	9,103
Security deposits	2,707
Bank balances and cash	10,164
Assets disposed of	1,854,318
Other payables and accrued charges	7,679
Deposits from finance lease customers	388,331
Deferred income	39,589
Taxation	2,184
Bank borrowings	944,817
Liabilities disposed of	1,382,600
Net assets disposed of	471,718

Gain on deemed disposal of subsidiaries

	21.6.2013 HK\$'000 (Unaudited)
Interest in a joint venture	264,877
Net assets disposed of	(471,718)
Non-controlling interests	235,599
Gain on deemed disposal (Note 6)	28,758

The gain on deemed disposal was included in the profit for the period from discontinued operations in the condensed consolidated statement of profit or loss and other comprehensive income (Note 6).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

16. DEEMED DISPOSAL OF SUBSIDIARIES (continued)

Net cash outflow on deemed disposal of subsidiaries

	21.6.2013 HK\$'000 (Unaudited)
<hr/>	
Consideration received in cash and cash equivalents	–
Less: cash and cash equivalent balances disposed of	(10,164)
	<hr/> (10,164) <hr/>

17. OPERATING LEASE COMMITMENTS

As at 30 September 2014, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

As lessee

The Group is the lessee of a number of properties held under operating leases. The leases typically run for an initial period of one to four years, with an option to renew the lease upon expiry when all terms are re-negotiated.

	30.9.2014 HK\$'000 (Unaudited)	31.3.2014 HK\$'000 (Audited)
Within one year	5,160	5,111
After one year but within five years	5,431	8,021
	<hr/> 10,591 <hr/>	13,132

18. CONTINGENT LIABILITIES

As at 30 September 2014, the Company had given a guarantee to bank borrowings of RMB65,200,000 equivalent to approximately HK\$82,532,000 (31 March 2014: RMB82,600,000 equivalent to approximately HK\$104,557,000) to a joint venture of the Group. The guarantee provided by the Company was approximately 47.94% (31 March 2014: 47.94%) of all sums payable by the borrower.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

19. RELATED PARTY TRANSACTIONS

Save as disclosed in the condensed consolidated financial statements, the Group had the following transactions with related parties included in results from continuing operations during both periods.

(a) Key management personnel remuneration

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Short-term employee benefits	7,163	3,573
Post-employment benefits	26	22
Share-based payments	67	1,502
	7,256	5,097

(b) Transactions with related parties

	1.4.2014 to 30.9.2014 HK\$'000 (Unaudited)	1.4.2013 to 30.9.2013 HK\$'000 (Unaudited)
Loan interest income received from a joint venture	22,774	26,759
Rental expense paid to a related company with common controlling shareholders	(1,314)	(1,280)

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 September 2014, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited ("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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of Director	Capacity	Number of Shares/underlying Shares			Total	Approximate % of Shareholding
		Personal Interest	Corporate Interest	Other Interest		
Mr. Wong Yu Lung, Charles ("Mr. Wong")	Beneficial owner, founder & trustee of a discretionary trust	77,000,000 (Note 1)	–	855,808,725 (Note 2)	932,808,725	33.98%
Ms. Wong, Michelle Yatyee ("Ms. Michelle Wong")	Beneficial owner, interest of controlled corporations & beneficiary of a trust	13,000,000 (Note 3)	715,846,792 (Note 4)	855,808,725 (Note 2)	1,584,655,517	57.73%
Mr. Wang Jun ("Mr. Wang")	Beneficial owner & interest of controlled corporations	25,000,000 (Notes 5)	101,251,300 (Note 6)	–	126,251,300	4.60%
Mr. Ding Chung Keung ("Mr. Ding")	Beneficial owner	98,230,000 (Note 7)	–	–	98,230,000	3.58%
Mr. Melvin Jitsumi Shiraki ("Mr. Shiraki")	Beneficial owner	1,500,000 (Note 8)	–	–	1,500,000	0.05%
Mr. Ma Ho Fai SBS JP ("Mr. Ma")	Beneficial owner	2,700,000 (Note 9)	–	–	2,700,000	0.10%
Mr. Cheng Yuk Wo ("Mr. Cheng")	Beneficial owner	4,200,000 (Note 10)	–	–	4,200,000	0.15%
Mr. Ng Chi Keung MH ("Mr. Ng")	Beneficial owner	2,600,000 (Note 11)	–	–	2,600,000	0.09%

Notes:

1. Such interests are underlying Shares derived from share options granted to Mr. Wong under the 2002 Scheme (as defined under the paragraph "SHARE OPTION SCHEMES" on page 35 of this report).
2. The two references to 855,808,725 Shares relate to the same block of Shares held by Allied Luck Trading Limited ("Allied Luck"). Mr. Wong and his spouse, Mrs. Wong Fang Pik Chun ("Mrs. Wong"), are the settlors and the trustees of a discretionary trust (the "Trust") and the property of the Trust includes the issued shares of Allied Luck. The discretionary beneficiaries of the Trust are Ms. Michelle Wong and Miss Wong, Jacqueline Yue Yee ("Miss Jacqueline Wong"), together with, in certain circumstances, their issue. By virtue of the above, both Mr. Wong and Ms. Michelle Wong are taken to have a duty of disclosure in relation to these Shares held by Allied Luck under the SFO as Directors of the Company.
3. Such interests are underlying Shares derived from share options granted to Ms. Michelle Wong under the 2002 Scheme.
4. Such Shares are held by Ace Solomon Investments Limited, which was owned as to 50% by Aceyork Investment Limited (a company wholly-owned by Ms. Michelle Wong) and as to 50% by Allied Golden Investment Limited (a company wholly owned by Miss Jacqueline Wong). By virtue of the above, Ms. Michelle Wong is taken to have a duty of disclosure in relation to the said Shares under the SFO.
5. Such interests are underlying Shares derived from share options granted to Mr. Wang under the 2002 Scheme.
6. Such Shares are held by a company of which Mr. Wang is interested in the entire issued share capital.
7. Such interests include 21,230,000 Shares and 77,000,000 underlying Shares derived from share options granted to Mr. Ding under the 2002 Scheme.
8. Such interests are underlying Shares derived from share options granted to Mr. Shiraki under the 2002 Scheme.
9. Such interests include 1,200,000 Shares and 1,500,000 underlying Shares derived from share options granted to Mr. Ma under the 2002 Scheme.
10. Such interests are underlying Shares derived from share options granted to Mr. Cheng under the 2002 Scheme.
11. Such interests are underlying Shares derived from share options granted to Mr. Ng under the 2012 Scheme (as defined under the paragraph "SHARE OPTION SCHEMES" on page 35 of this report).

Save as disclosed above, as at 30 September 2014, none of the Directors or chief executive of the Company or any of their respective associates had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 30 September 2014, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in the Shares/underlying Shares of the Company

Name of substantial shareholder	Capacity	Number of Shares/ underlying Shares	Total	Approximate % of Shareholding
Mrs. Wong	(i) Interest of spouse	77,000,000 (Note 1)	932,808,725	33.98%
	(ii) Trustee	855,808,725 (Note 2)		
Miss Jacqueline Wong	(i) Interest in controlled corporation	715,846,792 (Note 3)	1,571,655,517	57.25%
	(ii) Beneficiary of a trust	855,808,725 (Note 2)		
Mr. Kwok Wing-Sien ("Mr. Kwok")	Interest of spouse	1,584,655,517 (Note 4)		57.73%
Allied Luck Trading Limited ("Allied Luck")	Beneficial owner	855,808,725 (Note 2)		31.18%
Ace Solomon Investments Limited ("Ace Solomon")	Beneficial owner	715,846,792 (Note 3)		26.08%
Aceyork Investment Limited ("Aceyork")	Interest in controlled corporation	715,846,792 (Note 3)		26.08%
Allied Golden Investment Limited ("Allied Golden")	Interest in controlled corporation	715,846,792 (Note 3)		26.08%

Notes:

- Mrs. Wong is deemed to be interested in these underlying Shares held by Mr. Wong, her spouse, for the purpose of the SFO.
- The three references to 855,808,725 Shares relate to the same block of Shares held by Allied Luck. Please refer to Note 2 on page 33 of this report for further details. By virtue of the above, both Mrs. Wong and Miss Jacqueline Wong are taken to have a duty of disclosure in relation to these Shares held by Allied Luck.
- The four references to 715,846,792 Shares relate to the same block of Shares held by Ace Solomon. Please refer to Note 4 on page 33 of this report for further details. By virtue of the above, Miss Jacqueline Wong, Aceyork and Allied Golden are taken to have a duty of disclosure in relation to these Shares held by Ace Solomon.
- Mr. Kwok is deemed to be interested in these Shares/underlying Shares held by Ms. Michelle Wong, his spouse, for the purpose of the SFO.

Save as disclosed above, as at 30 September 2014, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

On 31 August 2012, the Company terminated the old share option scheme (the “2002 Scheme”) which was adopted on 18 September 2002, and adopted a new share option scheme (the “2012 Scheme”) on the same date with similar terms for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. No further share options will be granted under the 2002 Scheme, but the provisions of the 2002 Scheme remain in full force and effect to the extent necessary to give effect to the exercise of the share options (to the extent not already exercised) granted prior to its termination.

Details of the movements of share options under the 2002 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period (Note 2)	Outstanding at 31/3/14	Lapsed during the Period	Outstanding at 30/9/14
Directors						
Mr. Wang	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
Mr. Wong	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Mr. Ding	17/8/2007	1.014	17/8/2010 – 16/8/2017	25,000,000	–	25,000,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	26,000,000	–	26,000,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	26,000,000	–	26,000,000
Ms. Michelle Wong	1/2/2011	0.410	1/2/2014 – 31/1/2021	13,000,000	–	13,000,000
Mr. Shiraki	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Ma	1/2/2011	0.410	1/2/2014 – 31/1/2021	1,500,000	–	1,500,000
Mr. Cheng	23/5/2008	0.692	23/5/2011 – 22/5/2018	1,600,000	–	1,600,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	2,600,000	–	2,600,000
Eligible employees						
(in aggregate)	29/3/2007	0.256	29/3/2010 – 28/3/2017	16,000,000	–	16,000,000
	17/8/2007	1.014	17/8/2010 – 16/8/2017	15,300,000	–	15,300,000
	23/5/2008	0.692	23/5/2011 – 22/5/2018	3,000,000	–	3,000,000
	13/3/2009	0.360	13/9/2011 – 12/3/2019	1,000,000	–	1,000,000
	13/3/2009	0.360	13/3/2012 – 12/3/2019	1,900,000	–	1,900,000
	13/10/2009	0.500	13/10/2012 – 12/10/2019	250,000	–	250,000
	1/2/2011	0.410	1/2/2014 – 31/1/2021	12,750,000	(1,500,000)	11,250,000
				249,400,000	(1,500,000)	247,900,000

Other Information

Details of the movements of share options under the 2012 Scheme during the Period were as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period (Note 2)	Outstanding at 31/3/14	Lapsed during the Period	Outstanding at 30/9/14
Director						
Mr. Ng	28/6/2013	0.295	28/6/2015 – 27/6/2023	2,600,000	–	2,600,000
Eligible employees (in aggregate)	28/6/2013	0.295	28/6/2015 – 27/6/2023	28,800,000	(1,500,000)	27,300,000
				<hr/> 31,400,000	(1,500,000)	<hr/> 29,900,000

Notes:

1. During the Period, no share options were granted, exercised or cancelled under the 2002 Scheme and the 2012 Scheme; and
2. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

CHANGE IN INFORMATION OF DIRECTORS

Up to the date of this report, there is no information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.