



ANNUAL REPORT 2014



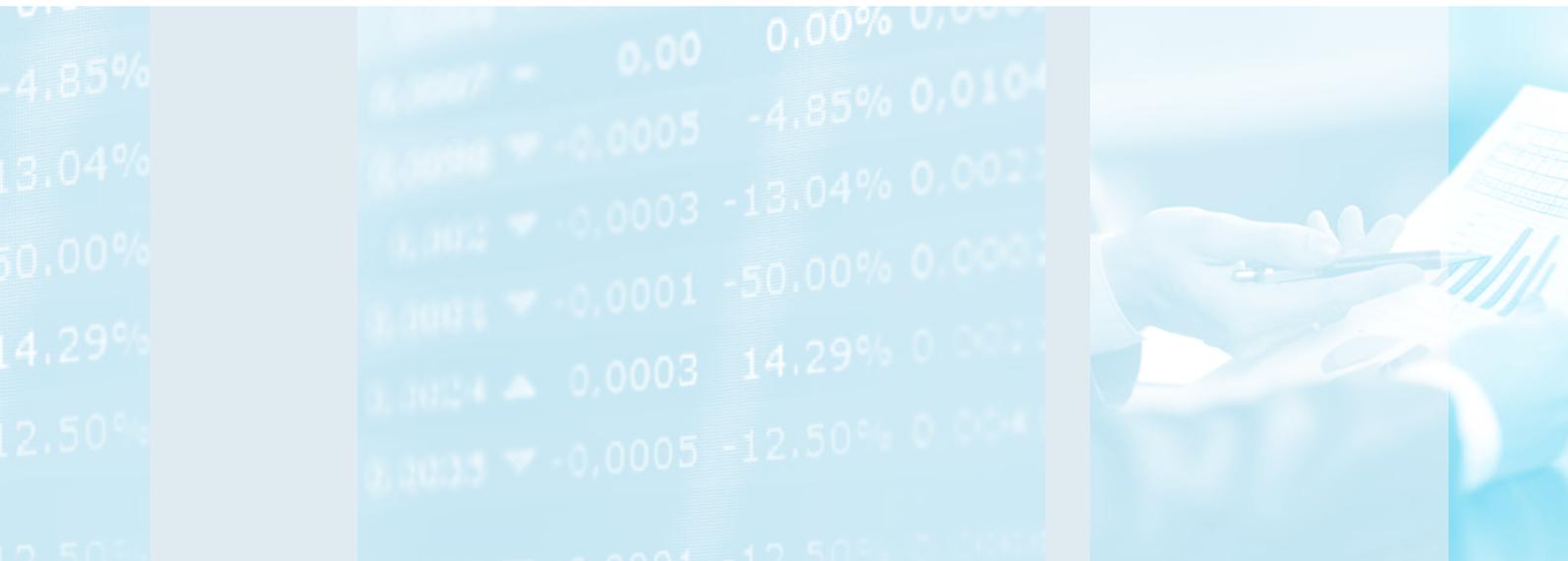
CONTENTS

2	Financial Summary
4	Corporate Information
6	Chairman's Statement
10	Biographical Details of the Directors of the Company
12	Report of the Directors
20	Corporate Governance Report
27	Independent Auditor's Report
29	Consolidated Statement of Profit or Loss and Other Comprehensive Income
30	Consolidated Statement of Financial Position
31	Consolidated Statement of Changes in Equity
32	Consolidated Statement of Cash Flows
34	Notes to the Consolidated Financial Statements

FINANCIAL SUMMARY

	Year ended 31 March				2014 HK\$'000
	2010 HK\$'000	2011 HK\$'000	2012 HK\$'000	2013 HK\$'000	
RESULTS					
Revenue	166,279	271,189	328,821	343,539	458,543
Profit before taxation	68,792	100,836	145,363	147,839	183,948
Taxation	(11,510)	(17,121)	(24,956)	(24,201)	(30,127)
Profit for the year	57,282	83,715	120,407	123,638	153,821
Profit attributable to owners of the Company	57,282	83,716	120,407	123,638	153,821
Non-controlling interests	—	(1)	—	—	—
Profit for the year	57,282	83,715	120,407	123,638	153,821

FINANCIAL SUMMARY



	At 31 March				
	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2012 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
ASSETS AND LIABILITIES					
Total assets	68,812	127,480	532,440	584,151	734,137
Total liabilities	(31,852)	(56,805)	(54,126)	(50,199)	(116,834)
Net assets	36,960	70,675	478,314	533,952	617,303
Equity attributable to owners of the Company	36,960	70,675	478,314	533,952	617,303

The results and summary of assets and liabilities for each of the two years ended 31 March 2011 which were extracted from the Company's prospectus dated 19 March 2012 (the "**Prospectus**") have been prepared on a combined basis to present the results of the Group as if the group structure at the time when the group reorganisation as fully explained in the Prospectus took place had been in existence throughout those years.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Liu Tianni (*Chairman*)

Xie Wen Zhao (*Chief Executive Officer*)

(Appointed on 1 May 2013)

Sun Liang (Appointed on 1 June 2014)

Chan Pui Kei (Resigned on 1 May 2013)

Non-executive Director

Sun Bin (Redesignated from executive Director
to non-executive Director on 1 May 2013)

Independent non-executive Directors

Lam Ting Lok

Li Ling Xiu

Lam Ling

AUDIT COMMITTEE

Lam Ting Lok (*Chairman*)

Li Ling Xiu

Lam Ling

NOMINATION AND REMUNERATION COMMITTEES

Li Ling Xiu (*Chairman*)

Liu Tianni

Lam Ting Lok

Lam Ling

COMPANY SECRETARY

Ong King Keung HKICPA, ACCA

INDEPENDENT AUDITORS

Deloitte Touche Tohmatsu

Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hong Kong and Shanghai Banking
Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited

Butterfield House

68 Fort Street

P.O. Box 609

Grand Cayman KY1-1107

Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

6/F, Nexxus Building
No. 41 Connaught Road Central
Hong Kong

REGISTERED OFFICE

Scotia Centre, 4/F
P.O. Box 2804
George Town
Grand Cayman KY1-1112
Cayman Islands

STOCK CODE

1260

COMPANY WEBSITE

<http://www.wsfg.hk>

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Wonderful Sky Financial Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”), I am pleased to present all shareholders with our annual report of the Group for the year ended 31 March 2014.

RESULTS

The Group’s revenue and profit and total comprehensive income reached a record high and recorded growth of approximately 33.5% and 24.4%, respectively, compared to those of the preceding year. The Group recorded a total revenue of approximately HK\$458.5 million and a profit and total comprehensive income for the year of approximately HK\$153.8 million for the year ended 31 March 2014.

FINAL DIVIDEND AND SPECIAL DIVIDEND

In appreciation of our shareholders’ support, the Directors recommended the payment of a final dividend of HK3.7 cents per share and special dividend of HK1.7 cents per share for the year ended 31 March 2014 to all shareholders whose names appear on the register of members of the Company on 20 August 2014. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend and special dividend is expected to be paid on or about 27 August 2014. The proposed final and special dividend, together with the interim and special dividend of HK3.8 cents per share paid in December 2013, amounts to a total dividend for the year ended 31 March 2014 of HK9.2 cents per share.

BUSINESS REVIEW

In 2013/2014, the Group’s revenue and profit and total comprehensive income reached a record high. The Group recorded a total revenue of approximately HK\$458.5 million and a profit and total comprehensive income for the year of approximately HK\$153.8 million, representing a year-on-year growth of approximately 33.5% and 24.4%, respectively. The Group’s earnings per share increased from HK12.4 cents for the year ended 31 March 2013 to HK15.4 cents for the year ended 31 March 2014.

During the year, the Group focused operating activities on two business segments offering different types of services, namely the provision of financial public relations services and the organisation and coordination of international roadshow services.

CHAIRMAN'S STATEMENT

Provision of Financial Public Relations Services (the “Financial PR services”)

Our financial PR services focus on the aspects of (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. The revenue for Financial PR services was approximately HK\$369.9 million, representing a growth of approximately 22.8% compared with that in last corresponding year. The segment results for Financial PR services was approximately HK\$195.5 million, representing an increase of approximately 20.8% compared to those in the last corresponding year. The increase was mainly due to warm up of initial public offering market during the year.

Organisation and coordination of international roadshow services (the “Roadshow services”)

Our Roadshow services include coordinating and managing the overall logistics of investor presentations for our clients to ensure that the roadshow would run smoothly, which allows our clients to concentrate on the marketing aspect of their roadshow. During the year ended 31 March 2014, the performance of Roadshow services has dramatically improved. Our revenue and segment results from Roadshow services were approximately HK\$88.6 million and HK\$15.1 million, respectively, representing an increase of approximately 109.4% and 79.4%, respectively compared to last corresponding year.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by its principal bankers in Hong Kong. The Group is financially sound and its cash position remains healthy. The Group's bank balances and cash and short-term bank deposits as of 31 March 2014 amounted to approximately HK\$485.9 million. The Group's gearing ratio as at 31 March 2014 was nil (2013: nil), based on the short-term and long-term interest bearing bank loans and the equity attributable to equity holders of the Company. We believe that the Group's cash holding, liquid asset value, future revenue and available banking facilities will be sufficient to fulfill working capital requirements of the Group.

CHAIRMAN'S STATEMENT

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2014, the Group was not exposed to any material exchange risk on US dollars as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group currently does not have a foreign currency hedging policy on Renminbi but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

PROSPECTS

Looking forward, the Group expects that the operating environment will continue to be challenging. Nevertheless, it is considered that the financial public relations industry in Mainland China and Hong Kong still enjoys healthy growth potential in the long run, particularly the long-term momentum and opportunities brought to the two-sided market by Shanghai-Hong Kong Stock Connect. In Hong Kong, the Group is pleased to welcome Ms. Sun Liang to be an Executive Director. We strongly believe that her rich project and corporate management experiences will further solidify our leading position in the industry. In Mainland China, the Group has gradually expanded its business through cautious strategic planning. With support from our existing Hong Kong team, our team in Mainland China enables us to establish cross-border business platform serving our clients in Mainland China and Hong Kong. Moreover, the Group continues to explore overseas business and has successfully helped some overseas clients with their business needs.

Subject to prevailing market conditions and the availability of potential targets, the Group may also acquire or set up joint ventures with public relations firms in the Mainland China and implement strategic merger with and acquisition of company(ies) in Hong Kong with experience in the public relations, investor relations, financial printing or international roadshow or capital markets branding businesses. As of 31 March 2014, the Group had not yet identified any definitive targets. As always, the Group will continue to explore any opportunities to further expand and diversify our business, with the ultimate aim of bringing greater value to our shareholders in the long run.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2014, the Group had 196 full-time employees. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held on 12 August 2014. The register of members of the Company will be closed from 11 August 2014 to 12 August 2014 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 8 August 2014.

CHAIRMAN'S STATEMENT

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The register of members of the Company will be closed from 18 August 2014 to 20 August 2014 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and special dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 15 August 2014.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2014.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their dedication and contributions and our clients, suppliers, business associates and shareholders for their continuous support.

Liu Tianni

Chairman

Hong Kong, 13 June 2014

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Liu Tianni (劉天倪), aged 50, is the chairman of the Company and has been appointed an executive Director since January 2011. He is an executive director of all companies of the Group. He is primarily responsible for leading and broadening the development of the Group's project platforms, actively developing new business areas, and formulating the Group's developmental goals and strategies. Mr. Liu has over 15 years of experience in the financial investment sector as well as the financial public relations sector. Mr. Liu has extensive experiences in capital markets, post-listing corporate financings, and mergers and acquisitions. Mr. Liu obtained a master's degree in Science (理學碩士學位) from Beijing Normal University (北京師範大學) in 1990. Currently, Mr. Liu is an executive director of Silver Grant International Industries Limited (stock code: 171) and, an independent non-executive director of Chongqing Iron & Steel Company Limited (stock code: 1053), Qingling Motors Company Limited (stock code: 1122) and Luoyang Glass Company Limited (stock code: 1108), shares of which are all listed on the Main Board of the Stock Exchange. In addition, Mr. Liu is the sole director of and holds 51% of the entire issued share capital in Sapphire Star Investments Limited, a substantial shareholder of the Company.

Mr. Xie Wen Zhao (謝文釗), aged 40, has been an executive Director and chief executive officer of the Company and certain of subsidiaries since May 2013. He has over 10 years of experience in initial public offerings, mergers and acquisitions, private equity, and senior corporate management responsibilities including extensive investor relations experience. He had since worked both as an investment banker and an investor for several global financial services companies such as Bank of China International Holdings Limited and Deutsche Bank AG. Prior to joining the Group, Mr. Xie was the chief financial officer of Winsway Coking Coal Holdings Limited (Stock code: 1733) ("Winsway") from February 2010 to April 2013 and was responsible for Winsway's initial public offering, capital markets activities, financial management, mergers and acquisitions and investors relations. Mr. Xie received a Bachelor of Science degree in Chemical Engineering from the Georgia Institute of Technology in 1996 and a Master of Business Administration degree from the Stern School of Business at New York University in 2004.

Ms. Sun Liang (孫亮), aged 41, has been an executive director of the Company since June 2014. Ms. Sun joined the Group in July 2012 and has been a chief operating officer of Wonderful Sky Financial Group Limited. From her previous employment with the Ministry of Foreign Trade and Economic Cooperation of China, the Commercial Press and various international non-government organisations, Ms. Sun brings to the position over a decade of experience in financial communications, policy research, media and publishing in China and beyond. Ms. Sun specializes in media and communication studies, investor relations development, project management, client development and maintenance through developing tailor-made financial public relations, investor relations and crisis management solutions building on knowledge of market and media dynamics. Ms. Sun acquired a Master of Arts degree in Asian Studies from the Elliott School of International Studies of the George Washington University in 2002.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

NON-EXECUTIVE DIRECTOR

Ms. Sun Bin (孫彬), aged 43, joined the Group in September 2010 and has been a non-executive Director since May 2013. She was an executive Director and the chief executive officer of the Company from 18 April 2011 to 30 April 2013. Ms. Sun has over 7 years of experience in the financial public relations industry. From August 2004 to September 2010, she worked as a senior manager at China International Capital Corporation Limited. Ms. Sun obtained a bachelor's degree in Arts (文學學士學位) from Beijing Foreign Studies Institute (北京外國語學院) (now known as Beijing Foreign Studies University (北京外國語大學)) in July 1993.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Ting Lok (林庭樂), aged 41, has over 15 years' experience in the accounting and financial industry. He has extensive experience in IPO, M&A, fund raising and corporate advisory. He has been appointed as the independent non-executive director of Enterprise Development Holdings Limited (stock code: 1808) since March 2011 and the independent non-executive director of China Metal international Holding Inc. (stock code: 319) since August 2013. He was an independent non-executive director of EPI (Holdings) Limited (stock code: 689) during the period from April 2013 to January 2014. He has been appointed as the Company Secretary of Asian Capital Resources (Holdings) Limited (stock code: 8025) during the period from April 2012 to May 2014.

Mr. Lam holds a bachelor's degree in Business Administration from The Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a charterholder of the Chartered Financial Analyst.

Ms. Li Ling Xiu (李靈修), aged 51, has been an independent non-executive Director of the Company since 7 March 2012. She was the group deputy general manager of China Strategic Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 235). She has been serving as the chief executive officer and a director of Chip Lian Investments (HK) Limited since January 2001. Ms. Li obtained a bachelor's degree of Arts (文學學士學位) in English Language from Hunan Normal University (湖南師範學院) in July 1984 and successfully completed the Advanced Management Program at Harvard Business School from September 2000 to November 2000. Ms. Li has been an non-executive director of IPC Corporation Limited since May 2009 and was non-executive director of Metech International Limited (formerly known as Centillion Environment & Recycling Limited) from September 2006 to March 2013, the shares of both companies are listed on the Singapore Stock Exchange.

Ms. Lam Ling (林玲), aged 41, has been an independent non-executive Director of the Company since 7 March 2012. She has more than 10 years of experience in the corporate finance industry. She worked in G.T. Investment Limited as an executive assistant from February 1999 to January 2000. During the period from January 2000 to May 2001, Ms. Lam worked at Core Pacific Yamaichi International (H.K.) Limited and was an assistant manager of its corporate and private banking department when she left. She then worked at CSC Securities (HK) Limited as an associate director in its sales/dealing department from May 2001 to March 2003. She worked as an associate director in the equity capital markets department of China Merchants Securities (HK) Company Limited from May 2003 to January 2007. She has been working as an associate director in Wag Worldsec Corporate Finance Limited since January 2007. Ms. Lam obtained a master's degree in Economics from The University of Hong Kong in November 2008 and a bachelor's degree of Arts in Languages with Business from The Hong Kong Polytechnic University in November 1996.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 28 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the Group's performance for the year by segments is set out in note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 March 2014 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 29 to 84.

The Directors recommend the payment of a final dividend of HK3.7 cents per share and special dividend of HK1.7 cents per share, totalling HK\$54,000,000 in respect of the year ended 31 March 2014 to all shareholders whose names appear on the register of members of the Company on 20 August 2014, which is expected to be paid on or about 27 August 2014.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

On 30 March 2012, the Company received the net proceeds in the sum of approximately HK\$314.8 million raised from the issue of new shares at the time of its listing on the Main Board of the Stock Exchange. Such net proceeds were derived after deduction of related issuance expenses. As at 31 March 2014, the Group used net proceeds of approximately HK\$58.9 million, of which approximately HK\$27.4 million was used for establishing an additional office in Hong Kong as well as recruiting additional staff members and approximately HK\$31.5 million was used for as working capital and other general corporate purposes of the Group. The remaining net proceeds are placed on short-term deposits and/or money market instruments with authorized financial institutions and/or licensed banks in Hong Kong and/or the PRC. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company's prospectus dated 19 March 2012.

SUMMARY FINANCIAL INFORMATION

The summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 2 to 3.

REPORT OF THE DIRECTORS

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 23 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

As at 31 March 2014, the Company's reserves available for cash distribution and/or distribution in specie amounted to HK\$154,155,000 as computed in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, of which HK\$54,000,000 has been proposed as final and special dividends for the year. In addition, subject to the solvency test under the Cayman Companies Law being met, the Company's share premium account, with a balance of HK\$314,232,000 as at 31 March 2014, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of sales and purchases for the year attributable to the Group's major customers and suppliers were as follows:

- (1) The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 24.5% of the Group's total revenue. The amount of revenue to the Group's largest customer represented approximately 7.3% of the Group's total revenue.
- (2) The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 32.1% of the Group's total purchases. The amount of purchases from the Group's largest supplier represented approximately 12.1% of the Group's total purchases.

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors:

Mr. Liu Tianni
Mr. Xie Wen Zhao (Appointed on 1 May 2013)
Ms. Sun Liang (Appointed on 1 June 2014)
Ms. Chan Pui Kei (Resigned on 1 May 2013)

Non-executive Director:

Ms. Sun Bin (Redesignated from executive Director to non-executive Director on 1 May 2013)

Independent non-executive Directors:

Mr. Lam Ting Lok
Ms. Li Ling Xiu
Ms. Lam Ling

Mr. Liu Tianni, Ms. Sun Liang, Ms. Li Ling Xiu and Ms Lam Ling will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Article 84 of the Company's articles of association.

The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") from all independent non-executive Directors and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

REPORT OF THE DIRECTORS

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

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

As at 31 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 Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

(A) Long positions in the ordinary shares of the Company

(i) The Company

Name of Director	Long/Short position	Number of shares held		Total interests as % of the issued share capital of the Company
		Interest in controlled corporation	Total interests	
Mr. Liu Tianni	Long	750,000,000 <i>(Note)</i>	750,000,000	75.0%

Note:

The shares are owned by Sapphire Star Investments Limited ("**Sapphire Star**"), a company incorporated in the British Virgin Islands. Mr. Liu Tianni holds 51% of the issued share capital in Sapphire Star and is deemed to be interested in the 49% of the issued share capital in Sapphire Star held by his spouse, Ms. Luk Ching, Sanna ("**Mrs. Liu**") under the SFO. Accordingly, Mr. Liu Tianni is deemed or taken to be interested in all the shares of the Company held by Sapphire Star under the SFO.

REPORT OF THE DIRECTORS

(ii) *Associated Corporation*

Name of Director	Long/Short position	Name of the associated corporation	Number of shares held	Approximately percentage of interest in Sapphire Star
Mr. Liu Tianni (<i>Note</i>)	Long	Sapphire Star	100	100%

Note:

Mr. Liu Tianni holds 51% of the issued share capital in Sapphire Star and is deemed to be interested in the 49% of the issued share capital in Sapphire Star held by his spouse, Mrs. Liu under the SFO. Accordingly Mr. Liu Tianni is deemed or taken to be interested in 100% of the issued share capital in Sapphire Star.

(B) **Long positions in the underlying shares of the Company — share options**

Name of Director	Capacity	Number of options granted and underlying shares	Approximate percentage of issued share capital of the Company*
Mr. Xie Wen Zhao	Beneficial Owner	5,000,000	0.5%

* The percentage represents the number of underlying shares interested divided by the number of the Company's issued shares as at 31 March 2014.

Details of the above share options granted by the Company are set out under the heading "Share Option Scheme" below.

Save as disclosed above, as at 31 March 2014, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (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 and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2014, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and 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:

Name of shareholder	Long/Short position	Beneficial owner	Interest in controlled corporation	Total interests	Percentage of issued capital of the Company
Sapphire Star	Long	750,000,000 (Note)	—	750,000,000 (Note)	75.0%
Mrs. Liu	Long	—	750,000,000 (Note)	750,000,000 (Note)	75.0%

Note:

The shares are owned by Sapphire Star. Mrs. Liu holds 49% of the issued share capital in Sapphire Star. Therefore, Mrs. Liu is deemed or taken to be interested in all the shares of the Company held by Sapphire Star for the purposes of the SFO.

Save as disclosed above, as at 31 March 2014, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or any options in respect of such shares.

PARTICULARS OF DIRECTORS OF THE COMPANY WHO WERE DIRECTORS/EMPLOYEES OF SUBSTANTIAL SHAREHOLDERS

Mr. Liu Tianni is the sole director of Sapphire Star which is a substantial shareholder of the Company.

REPORT OF THE DIRECTORS

SHARE OPTION SCHEME

On 7 March 2012, the Company's share option scheme (the "Scheme") was adopted. Details of the Company's Scheme are stated in note 24 to the consolidated financial statements.

The following table discloses movements in the Company's share options during the year:

	Date of grant	Exercisable period	Exercise price HK\$	Granted during the year	Lapsed during the year	Outstanding at 31.3.2014
<i>Executive director:</i>						
Mr. Xie Wen Zhao	28.1.2014	28.7.2015 – 27.7.2020	1.174	1,000,000	—	1,000,000
	28.1.2014	28.7.2016 – 27.7.2020	1.174	1,000,000	—	1,000,000
	28.1.2014	28.7.2017 – 27.7.2020	1.174	1,000,000	—	1,000,000
	28.1.2014	28.7.2018 – 27.7.2020	1.174	2,000,000	—	2,000,000
				5,000,000	—	5,000,000
<i>Employees:</i>						
	28.1.2014	28.7.2015 – 27.7.2020	1.174	5,824,000	(460,000)	5,364,000
	28.1.2014	28.7.2016 – 27.7.2020	1.174	9,376,000	(540,000)	8,836,000
	28.1.2014	28.7.2017 – 27.7.2020	1.174	3,160,000	(400,000)	2,760,000
	28.1.2014	28.7.2018 – 27.7.2020	1.174	6,320,000	(800,000)	5,520,000
				24,680,000	(2,200,000)	22,480,000
Total				29,680,000	(2,200,000)	27,480,000

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2014 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. Lam Ting Lok, Ms. Li Ling Xiu and Ms. Lam Ling. The principal duties of the audit committee include the review and supervision of the Group's financial reporting matters and internal controls.

The audit committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2014.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 20 to 26.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2014.

AUDITORS

The consolidated financial statements for the year ended 31 March 2014 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Liu Tianni
Chairman

Hong Kong, 13 June 2014

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the “Code”) set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

Code provision A.2.7

Under code provision A.2.7 of the Code, the Chairman should at least annually hold meetings with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Liu Tianni, the Chairman of the Company, is also an executive Director of the Company, this code provision is not applicable.

Code provision A.6.7

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, should attend general meetings and develop a balanced understanding of the views of shareholders. A non-executive director and independent non-executive director were unable to attend the Company’s annual general meeting held on 2 August 2013 due to being overseas.

Code provision E.1.2

Under code provision E.1.2 of the Code, the Chairman of the Board should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 2 August 2013 due to other business commitments.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules.

Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibility for leadership and monitoring of the Company. The Directors are collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. As at the date of this report, the Board comprises seven Directors of which three are executive Directors, one is non-executive Director and three are independent non-executive Directors.

The Board sets strategies and directions for the Group's activities with a view to developing its business and enhancing shareholders' value. The Board has delegated the daily operation and day-to-day management of the Group as well as the implementation of the Board's policies and strategies to the executive Directors and management of the Group. The Board is also responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The Board held meetings from time to time whenever necessary. The Board has established procedures to enable directors of the Company, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense. The Board met 5 times during the year ended 31 March 2014 and except Mr. Liu Tianni, Ms. Sun Bin and Ms. Li Ling Xiu, all directors attended annual general meeting of the Company held on 2 August 2013.

The Board's present composition and attendance of individual Directors at these board meetings and general meeting during the year were as follows:

	Number of meetings held/attended	
	Board	Annual general meeting
Executive Directors		
Liu Tianni (<i>Chairman</i>)	5/5	0/1
Xie Wen Zhao (<i>Chief Executive Officer</i>) (Appointed on 1 May 2013)	4/4	1/1
Sun Liang (Appointed on 1 June 2014)	N/A	N/A
Chan Pui Kei (resigned on 1 May 2013)	1/1	N/A
Non-executive Director		
Sun Bin (Redesignated from executive Director on 1 May 2013)	5/5	0/1
Independent non-executive Directors		
Lam Ting Lok	5/5	1/1
Li Ling Xiu	5/5	0/1
Lam Ling	5/5	1/1

CORPORATE GOVERNANCE REPORT

The Board members have no financial, business, family or other material/relevant relationship with each other.

During the year, all Directors of the Company confirmed that they have participated in training and/or continuous professional development activities, covering topics including updates on the Listing Rules and SFO. The Board has a balance of skills and experience appropriate for the requirements of the business of the Group.

The Company has arranged for appropriate liability insurance to its Directors. The insurance coverage is reviewed on an annual basis.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the year, the roles of Chairman and Chief Executive Officer of the Company are separated, and assumed by Mr. Liu Tianni and Ms. Sun Bin respectively with a clear division of responsibilities to assume a balance of authority and power. The role of Ms. Sun Bin has been taken by Mr. Xie Wen Zhao on 1 May 2013.

The Chairman is responsible for the leadership of the Board, ensuring its effectiveness in all aspects of its role and for setting its agenda and taking into account any matters proposed by other Directors for inclusion in the agenda. Through the Board, he is responsible for ensuring that good corporate governance practices and procedures are followed by the Group.

The Chief Executive Officer is responsible for the day-to-day management of the Group's business.

NON-EXECUTIVE DIRECTOR/INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are persons with sound academic and professional qualifications. They advise the Company on strategic development, which enables the Board to maintain high standards of compliance of financial and other mandatory requirements. Each independent non-executive Director has given an annual confirmation of the independence to the Company and the Company considers them to be independent under Rule 3.13 of the Listing Rules.

All the independent non-executive Directors and non-executive Director are appointed for a term of three years but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company, which stipulate that one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation so that each director shall be subject to retirement at least once every three years.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 March 2012 and has 4 members, comprising Mr. Lam Ting Lok, Ms. Li Ling Xiu, Ms. Lam Ling (all independent non-executive Directors) and Mr. Liu Tianni, one of the executive Directors. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Remuneration Committee have been determined with reference to the Listing Rules and the Code. The Remuneration Committee met twice during the year to discuss remuneration package of Directors of the Company. All members attended the meetings.

The responsibilities of the Remuneration Committee include (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (c) to make recommendations to the Board on the remuneration of non-executive Directors; and to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The primary goal of the remuneration on executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration with reference to the Group's operation results, with reference to individual performances and comparable market statistics.

The principal elements of the Group's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved option scheme.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The Nomination Committee was established on 7 March 2012 and has 4 members, comprising Mr. Lam Ting Lok, Ms. Li Ling Xiu, Ms. Lam Ling (all independent non-executive Directors) and Mr. Liu Tianni, one of the executive Directors. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Nomination Committee have been determined with reference to the Listing Rules and the Code. The Nomination Committee met once during the year to discuss the composition of the Board and all members attended this meeting.

The responsibilities of the Nomination Committee are (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (c) to assess the independence of independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing the accounts of the Company. As at 31 March 2014, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors about their financial reporting are set out in the independent auditor's report attached to the Company's consolidated financial statements for the year ended 31 March 2014.

Internal Controls

The Board conducts regular review and evaluation of the ongoing effectiveness and adequacy of the Group's internal control system covering all controls, including financial, operational, compliance and risk management controls. Appropriate measures and actions have been taken during the year ended 31 March 2014 on areas where rooms for improvement were identified.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

For the year ended 31 March 2014, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Services rendered	Fees paid/payable <i>(HK\$'000)</i>
Audit services	900
Review on preliminary results announcement for the year ended 31 March 2014	10
Tax review	40
	950

AUDIT COMMITTEE

The Audit Committee was established on 7 March 2012 and has 3 members, comprising Mr. Lam Ting Lok, Ms. Li Ling Xiu and Ms. Lam Ling (all independent non-executive Directors). This committee is chaired by Mr. Lam Ting Lok.

The terms of reference of the Audit Committee follow the Listing Rules and the Code. The Audit Committee met twice during the year to review the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. All members attended the meetings.

The responsibilities of the Audit Committee include (a) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (b) to assure that appropriate accounting principles and reporting practices are followed; (c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized independent auditors (the "External Auditors"), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal; (d) to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (e) to monitor integrity of the Company's financial statements and reports and to review significant financial reporting judgments contained in them; (f) to review the financial controls, internal control and risk management system; and (g) to review the Group's financial and accounting policies and practices.

COMPANY SECRETARY

Mr. Ong King Keung is the company secretary of the Company. Mr. Ong has taken no less than 15 hours of relevant professional training during the year.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association, any one or more shareholders 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 shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) 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.

Shareholders' enquiries and proposals

The Company maintains a website at www.wsfg.hk as a communication platform with shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial and other information are available for public access. Shareholders and investors may send written enquires or requests to the Company at 6/F, Nexxus Building, 41 Connaught Road Central, Central, Hong Kong. The company secretary and relevant personnels shall report the shareholders' enquires and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquires.

SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the general meeting. Annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available to at annual general meetings to address shareholders' queries. Separate resolution was proposed on each substantially separate issue and procedures for demanding a poll in general meetings are included in circular to the shareholders to facilitate the enforcement of shareholders' rights. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2014 annual general meeting of the Company will be voted by poll.

During the year, there are no changes in the Company's Memorandum and Articles of Association. An up-to-date consolidated version of the Company's Memorandum and Articles of Association are available on the Company's website.

INDEPENDENT AUDITOR'S REPORT



**TO THE MEMBERS OF
WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED**

皓天財經集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 29 to 84, which comprise the consolidated statement of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS’ RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT *(Continued)*

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2014 and of the Group's profit 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 Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
13 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	<i>NOTES</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Revenue	7	458,543	343,539
Direct costs		(231,599)	(160,027)
Gross profit		226,944	183,512
Other income		13,980	7,951
Selling expenses		(11,599)	(12,012)
Administrative expenses		(42,287)	(38,961)
Other expenses, gains and losses	8	(3,090)	7,349
Profit before taxation	9	183,948	147,839
Taxation	11	(30,127)	(24,201)
Profit and total comprehensive income for the year attributable to owners of the Company		153,821	123,638
Earnings per share — Basic and diluted	13	HK15.4 cents	HK12.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2014

	NOTES	2014 HK\$'000	2013 HK\$'000
Non-current assets			
Property, plant and equipment	14	2,711	2,367
Held-to-maturity investments	15	86,828	—
		89,539	2,367
Current assets			
Work in progress	16	12,231	5,450
Accrued revenue	17	5,848	1,000
Trade and other receivables	17	138,379	114,433
Amounts due from related parties	18	2,220	6,947
Short-term investment	19	—	100,000
Bank balances and cash	20	485,920	353,954
		644,598	581,784
Current liabilities			
Trade and other payables	21	104,546	47,455
Taxation payable		12,187	2,654
		116,733	50,109
Net current assets		527,865	531,675
Total assets less current liabilities		617,404	534,042
Non-current liability			
Deferred tax liability	22	101	90
Net assets		617,303	533,952
Capital and reserves			
Share capital	23	10,000	10,000
Reserves		607,303	523,952
Total equity		617,303	533,952

The consolidated financial statements on pages 29 to 84 were approved and authorised for issue by the Board of Directors on 13 June 2014 and are signed on its behalf by:

DIRECTOR

DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2014

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (note i)	Capital reserve HK\$'000 (note ii)	Share options reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2012	10,000	314,232	10	(1)	—	154,073	478,314
Profit and total comprehensive income for the year	—	—	—	—	—	123,638	123,638
Dividend recognised as distribution (note 12)	—	—	—	—	—	(68,000)	(68,000)
At 31 March 2013	10,000	314,232	10	(1)	—	209,711	533,952
Profit and total comprehensive income for the year	—	—	—	—	—	153,821	153,821
Recognition of equity-settled share-based payments	—	—	—	—	530	—	530
Dividend recognised as distribution (note 12)	—	—	—	—	—	(71,000)	(71,000)
At 31 March 2014	10,000	314,232	10	(1)	530	292,532	617,303

Notes:

- (i) The merger reserve of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) represented the difference of the nominal value of the shares of Shine Talent Holdings Limited (“**Shine Talent Holdings**”) issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited (“**Wonderful Sky Financial Group**”).
- (ii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Operating activities		
Profit before taxation	183,948	147,839
Adjustments for:		
Interest income from bank deposits	(5,157)	(2,774)
Depreciation	1,245	1,188
Impairment loss reversed on trade receivables, net	—	(2,142)
Impairment loss recognised on amount due from a related party	3,493	2,223
Investment income from short-term investment	(3,000)	(2,850)
Investment income from held-to-maturity investments	(3,805)	—
Net gain on disposal of investments held-for-trading	—	(7,512)
Share-based payment expense	530	—
Operating cash flows before movements in working capital	177,254	135,972
(Increase) decrease in work in progress	(6,781)	869
(Increase) decrease in accrued revenue	(4,848)	3,010
Increase in trade and other receivables	(23,946)	(25,584)
Increase in investments held-for-trading	—	7,512
Increase in trade and other payables	57,091	4,484
Decrease (increase) in amounts due from related parties	1,234	(8,625)
Cash generated from operations	200,004	117,638
Income tax paid	(20,583)	(32,612)
Net cash from operating activities	179,421	85,026

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

FOR THE YEAR ENDED 31 MARCH 2014

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Investing activities		
Proceeds from short-term investment	100,000	—
Interest received from bank deposits	5,157	2,774
Interest received from short-term investment	3,000	2,850
Interest received from held-to-maturity investments	2,270	—
Purchase of held-to-maturity investments	(85,293)	—
Purchase of property, plant and equipment	(1,589)	(2,097)
Purchase of short-term investment	—	(100,000)
Repayments from a related party	—	630
Withdrawal of pledged bank balance	—	400
Net cash from (used in) investing activities	23,545	(95,443)
Cash used in financing activity		
Dividends paid	(71,000)	(68,000)
Net increase (decrease) in cash and cash equivalents	131,966	(78,417)
Cash and cash equivalents at beginning of the year	353,954	432,371
Cash and cash equivalents at end of the year	485,920	353,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1. GENERAL AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands (“**BVI**”). The address of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section of the annual report.

The principal activity of the Company is to act as an investment holding company. The principal activities of its subsidiaries are engaged in the provision of financial public relations services and organisation and coordination of international roadshow services.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) for the first time in the current year.

Amendments to HKAS 1	Presentation of items of other comprehensive income
Amendments to HKFRSs	Annual improvements to HKFRSs 2009 — 2011 cycle
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine

Except as described below, the application of these new and revised HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

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

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 “Consolidated financial statements”, HKFRS 11 “Joint arrangements”, HKFRS 12 “Disclosure of interests in other entities”, HKAS 27 (as revised in 2011) “Separate financial statements” and HKAS 28 (as revised in 2011) “Investments in associates and joint ventures”, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

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

The application of these five standards effective for annual period beginning 1 January 2013 will not have significant impact on the results and financial position of the Group as the Group owns 100% equity interest in all of its subsidiaries and does not have any associates or joint ventures at 31 March 2014.

HKFRS 13 “Fair value measurement”

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

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

HKFRS 13 requires prospective application. The application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKAS 1 “Presentation of items of other comprehensive income”

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

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

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 — 2012 cycle ¹
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 — 2013 cycle ²
HKFRS 9	Financial instruments ³
HKFRS 14	Regulatory deferred accounts ⁵
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁶
Amendments to HKAS 19	Defined benefit plans: Employee contributions ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ⁴
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ⁴
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ⁴
HK(IFRIC) — INT 21	Levies ⁴

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

Amendments to HKAS 1 “Presentation of items of other comprehensive income” (Continued)

- ¹ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
- ² Effective for annual periods beginning on or after 1 July 2014. Early application is permitted.
- ³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
- ⁴ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
- ⁵ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.
- ⁶ Effective for annual periods beginning on or after 1 January 2016.

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, that are measured at fair values at the end of each reporting period, as explained in the principal accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

Service income from retainer services is recognised on a straight-line basis over the term of the service period when the relevant services are rendered.

Service income from clients seeking initial public offering (“**IPO Clients**”) is recognised when the relevant services are rendered to the relevant IPO Clients, which approximates the time when the IPO Clients are listed.

Service income from other non-routine project-based non-IPO Clients (“**non-IPO Clients**”) and international roadshow clients are recognised when the relevant services are rendered to the relevant non-IPO Clients and international roadshow clients, which approximates the completion of the relevant non-routine projects or international roadshow event.

When related services have been rendered but not yet billed to the customers at the end of the reporting period, revenue is recognised in accordance with the relevant policy as set out above, with the corresponding amounts recorded as accrued revenue at the end of the reporting period. It will be transferred to invoiced amount under trade receivables once the customer is billed and invoice is issued.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the IPO will be accounted for as deposits received and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group received termination notice from the relevant IPO Clients.

For projects costs incurred at initial stage of the project which outcome of the transaction can be estimated reliably and costs incurred expected to be recoverable, the costs incurred are deferred and recorded as work in progress. Such costs are recognised in the consolidated statement of profit or loss and other comprehensive income when the corresponding revenue is recognised upon services being rendered in the manner as discussed above.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

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 sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Work in progress

Work in progress represents cost incurred on incomplete wide range of financial public relations and international roadshow projects that comprise costs directly incurred in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the “other expenses, gains and losses” line item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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 other than:

- (a) those that the entity upon initial recognition designates as at FVTPL;
- (b) those that the entity designates as available for sale; and
- (c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment losses on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accrued revenue, trade receivables, amounts due from related parties and bank balances and cash) are carried at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss of financial assets below).

Interest income is recognised by applying the effective interest rate.

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 (a) loans and receivables; (b) held-to-maturity investments; or (c) financial assets at FVTPL.

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 instruments are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss of financial assets below).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset 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 general credit period of 30 days, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(CONTINUED)*

Financial instruments *(Continued)*

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities including trade and other payables are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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 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.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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 is recognised in profit or loss.

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 and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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

Foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Share-based payment arrangements

Equity-settled share-based payments transactions

Share options granted to employees

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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

The Group as lessee

Operating lease 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.

Impairment

At the end of the reporting period, the Group reviews the carrying amounts of its assets 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. Where 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 to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

Retirement benefit costs

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

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

Held-to-maturity investments

The directors of the Company have reviewed the Group's held-to-maturity investments in the light of its capital maintenance and liquidity requirements and have confirmed the Group's positive intention and ability to hold those assets to maturity. The carrying amount of the held-to-maturity investments is HK\$86,828,000 (2013: nil). Details of these assets are set out in note 15.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

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

Key sources of estimation uncertainty

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

Estimated impairment loss recognised on trade receivables/amounts due from related parties

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2014, the carrying amounts of trade receivables are HK\$134,810,000 (2013: HK\$110,169,000) (net of accumulated allowance for bad and doubtful debts of HK\$518,000 (2013: HK\$518,000)).

As at 31 March 2014, the carrying amounts of amounts due from related parties are HK\$2,220,000 (2013: HK\$6,947,000) (net of accumulated allowance for bad and doubtful debts of HK\$5,716,000 (2013: HK\$2,223,000)).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, reserves and accumulated profits.

The management of the Group reviews the capital structure regularly. The directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	628,798	472,070
Held-to-maturity investments	86,828	—
Available-for-sale investments	—	100,000
Financial liabilities		
Amortised cost	70,922	33,134

Financial risk management objectives and policies

The Group's major financial instruments include held-to-maturity investments, accrued revenue, trade receivables, amounts due from related parties, short-term investment, bank balances and cash and trade and other payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (note 20). The Group currently does not have a policy on cash flow hedges of interest rate risk. However, the management monitors interest rate risk exposure and will consider hedging significant interest rate risk should the need arise.

The Group also exposed to fair value interest rate risk in relation to the fixed bank deposit. However, the management considers the fair value interest rate risk on the fixed bank deposit is insignificant as the fixed bank deposit within short maturity period and thus it is not included in sensitivity analysis. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank balances. The analysis is prepared assuming that the amount of assets outstanding at the end of the reporting period were outstanding for the whole year. 25 basis points increase or decrease represents the management's assessment of the reasonably possible change in interest rates of bank balances. The calculation of 25 basis points decrease in interest rates of bank balances excluded the bank balances in Hong Kong of HK\$57,413,000 (2013: HK\$314,105,000) as at 31 March 2014 which carried an interest rate below 0.25%.

If interest rates on bank balances had been 25 basis points higher/lower and all other variables were held constant, the potential effect on the Group's post-tax profit for the year ended 31 March 2014 is as follows:

	2014 HK\$'000	2013 HK\$'000
Increase (decrease) in profit for the year		
— as a result of increase in interest rate	145	666
— as a result of decrease in interest rate	(25)	(10)

Foreign currency risk

The carrying amounts of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Renminbi ("RMB")	108,344	34	1,838	—
United States dollars ("USD")	127,289	118,643	—	—
Great Britain Pound ("GBP")	301	147	—	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Foreign currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to the foreign exchange risk of RMB and USD. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and USD will be immaterial as most USD denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency, and therefore no sensitivity analysis has been prepared. For GBP, no sensitivity analysis has been prepared as the amount involved is insignificant.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK\$ against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in RMB. A negative number indicates a decrease in post-tax profit for the year when HK\$ strengthens 5% against RMB. For a 5% weakening of HK\$ against RMB, there would be an equal but opposite impact on the post-tax profit for the year.

	2014 HK\$'000	2013 HK\$'000
RMB	(4,447)	(1)

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposures do not reflect the exposures during the year.

Credit risk

As at 31 March 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the management reviews the recoverable amount of each individual debt and accrued revenue regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the management considers that the Group's credit risk is significantly reduced.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

The Group has concentration of credit risk on amounts due from related parties as at 31 March 2014 and 2013. The management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the Group's bank balances are deposited with several banks of high credit ratings in Hong Kong and the People's Republic of China (the "PRC").

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

Liquidity risk

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

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

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
As at 31 March 2014				
Trade and other payables	N/A	70,922	70,922	70,922
As at 31 March 2013				
Trade and other payables	N/A	33,134	33,134	33,134

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair values measurements of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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

7. REVENUE AND SEGMENT INFORMATION

The Group's operating activities are attributable to two operating segments focusing on provision of different types of services, namely the provision of financial public relations services and organisation and coordination of international roadshow services. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

Segment revenue and results

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

For the year ended 31 March 2014

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshow services <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	369,908	88,635	458,543
Segment profit	195,532	15,074	210,606
Unallocated corporate income			13,980
Staff costs (including retirement benefit scheme contributions and share-based payments)			(23,937)
Operating lease rentals			(7,481)
Other unallocated corporate expenses			(9,220)
Profit before taxation			183,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2013

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshow services HK\$'000	Consolidated HK\$'000
Revenue	301,201	42,338	343,539
Segment profit	161,830	8,402	170,232
Unallocated corporate income			7,951
Net gain on disposal of investments held-for-trading			7,512
Staff costs (including retirement benefit scheme contributions)			(18,489)
Operating lease rentals			(7,969)
Other unallocated corporate expenses			(11,398)
Profit before taxation			147,839

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, net gain on disposal of investments held-for-trading, central administration costs and directors' salaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

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

At 31 March 2014

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshow services HK\$'000	Consolidated HK\$'000
Assets			
Segment assets	122,416	35,404	157,820
Bank balances and cash			485,920
Held-to-maturity investments			86,828
Other unallocated assets			3,569
Total assets			734,137
Liabilities			
Segment liabilities	80,317	17,575	97,892
Taxation payable			12,187
Other unallocated liabilities			6,755
Total liabilities			116,834

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 2013

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshow services HK\$'000	Consolidated HK\$'000
Assets			
Segment assets	111,343	14,590	125,933
Bank balances and cash			353,954
Short-term investment			100,000
Other unallocated assets			4,264
Total assets			584,151
Liabilities			
Segment liabilities	35,814	6,118	41,932
Taxation payable			2,654
Other unallocated liabilities			5,613
Total liabilities			50,199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments except for held-to-maturity investments, deposits and prepayments, short-term investment and bank balances and cash.
- all liabilities are allocated to reportable segments except for accrued administrative expenses, taxation payable and deferred tax liability.

Other segment information

For the year ended 31 March 2014

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshow services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets	1,589	—	—	1,589
Depreciation	1,229	16	—	1,245
Impairment loss recognised on amount due from a related party	3,493	—	—	3,493
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit:				
Income tax expenses	27,285	1,843	999	30,127

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2013

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshow services HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:				
Addition to non-current assets	2,097	—	—	2,097
Depreciation	1,170	18	—	1,188
Reversal of bad and doubtful debts on trade receivables, net	(2,152)	10	—	(2,142)
Impairment loss recognised on amount due from a related party	2,223	—	—	2,223
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit:				
Income tax expenses	21,878	831	1,492	24,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A	— ²	39,324 ¹

¹ Revenue from the provision of financial public relations services.

² The corresponding customer contributed less than 10% of the total revenue of the Group during the year ended 31 March 2014.

During the years ended 31 March 2014 and 2013, no analysis of revenue from external customers for each type of services is presented as the directors consider the cost to develop would be excessive. More than 90% of the Group's revenue and non-current assets are arisen in and located in Hong Kong, the place of domicile of the relevant group entities.

8. OTHER EXPENSES, GAINS AND LOSSES

	2014 HK\$'000	2013 HK\$'000
Reversal of bad and doubtful debts on trade receivables, net	—	2,142
Impairment loss recognised on amount due from a related party	(3,493)	(2,223)
Net gain on disposal of investments held-for-trading (note)	—	7,512
Foreign exchange gains (losses)	403	(82)
	(3,090)	7,349

Note: The investment held-for-trading represents investment in unlisted corporate debt securities acquired and disposed through financial institutions during the year ended 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

9. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Directors' and chief executive officer's remuneration (note 10)	6,853	6,757
Other staff costs	43,592	31,077
Retirement benefit scheme contributions for other staff	2,248	1,963
Share-based payments for other staff	443	—
	53,136	39,797
Auditor's remuneration	900	900
Depreciation	1,245	1,188
Operating lease rentals in respect of office premises	7,481	7,969
and after crediting:		
Interest income from bank deposits	5,157	2,774
Commission income (included in other income)	1,244	2,269
Investment income from short-term investment (included in other income)	3,000	2,850
Investment income from held-to-maturity investments (included in other income)	3,805	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

10. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of 7 (2013: 6) directors and the chief executive officer were as follows:

	Directors' fee HK\$'000	Salaries and allowances HK\$'000	Performance related incentive payments HK\$'000 (note)	Retirement benefit scheme contributions HK\$'000	Share-based payments HK\$'000	Total HK\$'000
For the year ended 31 March 2014						
Mr. Liu Tianni	—	3,600	600	15	—	4,215
Mr. Xie Wen Zhao (appointed on 1 May 2013)	—	2,000	—	15	87	2,102
Ms. Sun Liang (appointed on 1 June 2014)	—	—	—	—	—	—
Ms. Sun Bin	120	—	—	—	—	120
Ms. Lam Ling	120	—	—	—	—	120
Mr. Lam Ting Lok	120	—	—	—	—	120
Ms. Li Ling Xiu	120	—	—	—	—	120
Ms. Chan Pui Kei (resigned on 1 May 2013)	—	55	—	1	—	56
	480	5,655	600	31	87	6,853
For the year ended 31 March 2013						
Mr. Liu Tianni	—	3,600	300	15	—	3,915
Ms. Chan Pui Kei (resigned on 1 May 2013)	—	640	106	15	—	761
Ms. Sun Bin	—	1,320	386	15	—	1,721
Ms. Lam Ling	120	—	—	—	—	120
Mr. Lam Ting Lok	120	—	—	—	—	120
Ms. Li Ling Xiu	120	—	—	—	—	120
	360	5,560	792	45	—	6,757

Note: The performance related incentive payment is determined with reference to the Group's operating results, individual performances and comparable market statistics.

Mr. Xie Wen Zhao is also the chief executive officer of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive officer. Before 1 May 2013, Ms. Sun Bin acted as the chief executive officer of the Company and she was re-designated as non-executive director of the Company with effect from 1 May 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

10. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2013: three) were directors and the chief executive officer of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2013: two) individuals were as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Salaries and allowances	3,554	1,900
Performance related incentive payments	—	222
Retirement benefit scheme contributions	35	20
Share-based payments	48	—
	3,637	2,142

Their emoluments were within the following bands:

	2014	2013
Nil to HK\$1,000,000	1	1
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	—

During the years ended 31 March 2014 and 2013, no emoluments were paid by the Group to the directors and the chief executive officer of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

11. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong Profits Tax		
— current tax	30,266	24,226
— (over)underprovision in prior years	(150)	7
	30,116	24,233
Deferred taxation (<i>note 22</i>)	11	(32)
	30,127	24,201

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before taxation	183,948	147,839
Calculated at a taxation rate of 16.5%	30,351	24,393
Expenses not deductible for tax purposes	223	258
Income not taxable for tax purposes	(851)	(457)
(Over)underprovision in prior years	(150)	7
Tax effect of unused tax losses not recognised	554	—
Taxation charge	30,127	24,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

12. DIVIDENDS

The final dividend of HK3.7 cents per share and special dividend of HK1.7 cents per share, totalling of HK\$54,000,000, in respect of the year ended 31 March 2014 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

During the year ended 31 March 2013, the Company declared and paid a final dividend of HK1.9 cents per share and a special dividend of HK0.8 cent per share, totalling HK\$27,000,000, in respect of the year ended 31 March 2012 and an interim dividend of HK2.8 cents per share and a special dividend of HK1.3 cents per share, totalling HK\$41,000,000, in respect of the year ended 31 March 2013.

During the year ended 31 March 2014, the Company declared and paid a final dividend of HK2.2 cents per share and a special dividend of HK1.1 cents per share, totaling HK\$33,000,000, in respect of the year ended 31 March 2013 and an interim dividend of HK2.6 cents per share and a special dividend of HK1.2 cents per share, totaling HK\$38,000,000, in respect of the year ended 31 March 2014.

13. EARNINGS PER SHARE

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	153,821	123,638

	2014	2013
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	1,000,000,000	1,000,000,000

The computation of diluted earnings per share for the year ended 31 March 2014 has not assumed the exercise of the Company's share options because the adjusted exercise price of the share options (after the adjustment of the fair value of the unvested share options) were higher than the average market prices of those shares for the outstanding period during the year ended 31 March 2014.

No dilutive earnings per share is presented as there were no potential dilutive shares for the year ended 31 March 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST					
At 1 April 2012	343	511	2,232	1,536	4,622
Additions	1,130	487	—	480	2,097
At 31 March 2013	1,473	998	2,232	2,016	6,719
Additions	15	538	708	328	1,589
At 31 March 2014	1,488	1,536	2,940	2,344	8,308
DEPRECIATION					
At 1 April 2012	59	413	1,621	1,071	3,164
Provided for the year	373	149	270	396	1,188
At 31 March 2013	432	562	1,891	1,467	4,352
Provided for the year	446	278	239	282	1,245
At 31 March 2014	878	840	2,130	1,749	5,597
CARRYING VALUES					
At 31 March 2014	610	696	810	595	2,711
At 31 March 2013	1,041	436	341	549	2,367

Depreciation is provided to write off the above property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method, at 30% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

15. HELD-TO-MATURITY INVESTMENTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Listed bond securities at amortised costs		
— listed on the Stock Exchange with fixed coupon interests ranging from 4.13% to 5.73% per annum and maturity dates ranging from 21 November 2022 to 24 January 2023	62,883	—
— listed on the Singapore Exchange Securities Trading Limited with a fixed coupon interest at 4.38% per annum and maturity date on 2 May 2023	23,945	—
	86,828	—

Included in held-to-maturity investments is the following amount denominated in a currency other than functional currency of the respective group entity which it relates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
USD	86,828	—

16. WORK IN PROGRESS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Project costs incurred and not yet billed	12,231	5,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

17. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Accrued revenue	5,848	1,000
Trade receivables, net of allowance	134,810	110,169
Other receivables		
— Deposits	3,276	3,559
— Prepayments	165	399
— Staff advances	128	306
	3,569	4,264
Total trade and other receivables	138,379	114,433

Service income arising from initial public offerings (“**IPO**”) is recognised when services are rendered and is generally billed within one month from date of listing of its customers. Service income arising from retainer services from non-IPO Clients is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. Service income arising from organisation and coordination of international roadshow services from international roadshow clients is recognised when services are rendered and is generally billed within 30 days from the completion of the event. The Group generally grants a credit period of 30 days to its customers.

Accrued revenue represents service fees earned upon related services being rendered but not yet billed and due at the end of the reporting period.

Before accepting any new customer, the Group will internally assess the potential customer’s credit quality and define an appropriate credit limit. The management closely monitors the credit quality and follow-up action is taken if overdue debts are noted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

17. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables:		
Invoiced		
— Within 30 days	70,544	51,249
— 31 to 90 days	43,915	23,892
— 91 days to 1 year	20,351	35,028
	134,810	110,169

The following is an aged analysis of trade receivables which are past due but not impaired at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
31 to 90 days	43,915	23,892
91 days to 1 year	20,351	35,028
	64,266	58,920

Included in the Group's trade receivable balance as at 31 March 2014 are debtors with aggregate carrying amount of HK\$64,266,000 (2013: HK\$58,920,000) which are past due at the reporting date for which the Group has not provided for impairment loss as these receivables are either subsequently settled or due from certain major customers with no history of default during the year and have strong financial background and good creditability. The Group does not hold any collateral over these balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

17. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality with satisfactory settlement history. Based on the payment history of the IPO Clients and non-IPO Clients of the Group, trade receivables which are past due but not impaired are generally collectible. Allowance on doubtful debts recognised during the year are based on estimated irrecoverable amounts from the rendering of retainer services by reference to past default experience. No allowance on doubtful debts recognised during the year are related to service income arising from organisation and coordination of international roadshow services by reference to the financial background and creditability of corporate customers.

Movement in the allowance for doubtful debts

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Balance at beginning of the year	518	2,660
Impairment loss recognised on receivables	—	14
Impairment loss reversed	—	(2,156)
Balance at end of the year	518	518

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$518,000 (2013: HK\$518,000). For overdue debts, based on the past default experience, payment history of the customers and subsequent settlement, the Group assessed the corporate customers for potential impairment losses. Full provision has been made for individual trade receivables aged over one year with no subsequent settlement as historical evidence shows that such amounts are not recoverable.

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the respective group entities which they relate:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
RMB	3,628	—
USD	—	3,852

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

18. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties are disclosed as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Chongqing Iron & Steel Company Limited ("Chongqing Iron & Steel") (Note)	128	2,982
Qingling Motors Company Limited ("Qingling Motors") (Note)	—	58
Luoyang Glass Company Limited ("Luoyang Glass") (Note)	2,092	3,907
	2,220	6,947

Included in the amounts due from related parties is a balance of HK\$2,220,000 (2013: HK\$6,947,000), which is trade in nature, representing receivable from the provision of financial public relations services to non-IPO Clients. The Group allows a credit period of 30 days to the related parties. Impairment losses recognised in respect of the amount due from a related party, Luoyang Glass, as at 31 March 2014 amounted to HK\$5,716,000 (2013: HK\$2,223,000) by reference to past settlement pattern of this related party. Full provision has been made for balance aged over one year with no subsequent settlement as historical evidence shows that such amount is not recoverable. The remaining balances are unsecured, interest-free and repayable on demand.

The following is an aged analysis of amounts due from related parties with trade in nature net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	469	509
31 to 90 days	1,275	155
91 days to 1 year	476	6,283
	2,220	6,947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

18. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

The following is an aged analysis of amounts due from related parties with trade in nature which are past due but not impaired at the end of the reporting period:

	2014 HK\$'000	2013 HK\$'000
31 to 90 days	1,275	155
91 days to 1 year	476	6,283
	1,751	6,438

Note: Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director of Chongqing Iron & Steel, Qingling Motors and Luoyang Glass.

19. SHORT-TERM INVESTMENT

The short-term investment was classified as available-for-sale investment carried at cost less impairment as at 31 March 2013 and represented investment in unlisted equity fund managed by Cinda Plunkett International Equity Management Limited (“**Cinda Plunkett**”), a private entity established in the Cayman Islands, with maturity on 20 August 2013 (“**the Fund**”). The Fund further invested in the one-year guaranteed notes issued by China Cinda (HK) Asset Management Company Limited and guaranteed by Well Kent International Investment Company Limited.

The estimated investment return from this short-term investment was linked to the performance of the guarantee notes and was estimated at 5.85% per annum which was not fixed nor guaranteed. The directors of the Company consider that no impairment on short-term investment as at 31 March 2013 is necessary. The corresponding short-term investment was matured during the year ended 31 March 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

20. BANK BALANCES AND CASH

Bank balances include fixed deposits of HK\$416,446,000 (2013: HK\$34,849,000) with maturity less than three months which carry interests at prevailing market rates ranging from 0.01% to 3.34% (2013: 0.01% to 0.85%) per annum as at 31 March 2014.

Included in bank balances and cash are the following amounts denominated in currencies other than the functional currency of the respective group entities which they relate:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
RMB	104,716	34
USD	40,461	114,791
GBP	301	147

21. TRADE AND OTHER PAYABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables	61,791	29,995
Deposits received from customers	28,609	7,596
Salaries payable	9,131	3,139
Accrued expenses	3,318	4,439
Other payables	1,697	2,286
	42,755	17,460
Total trade and other payables	104,546	47,455

The average credit period is from 30 to 60 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

21. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aged analysis of trade payables based on the invoice date at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade payables:		
Invoiced		
— Within 30 days	45,205	11,656
— 31 to 60 days	2,069	3,352
— 61 to 90 days	1,138	2,165
— 91 days to 1 year	10,402	7,068
— Over 1 year	2,089	3,121
Net yet billed	60,903	27,362
	888	2,633
	61,791	29,995

Included in trade and other payables is the followings amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
RMB	1,838	—

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

22. DEFERRED TAX LIABILITY

The followings are the deferred tax liability recognised and movements thereon during both years:

	Accelerated tax depreciation <i>HK\$'000</i>
As at 1 April 2012	122
Credited to profit or loss (<i>note 11</i>)	(32)
As at 31 March 2013	90
Credited to profit or loss (<i>note 11</i>)	11
As at 31 March 2014	101

At the end of the reporting period, the Group has unused tax losses of HK\$3,358,000 (2013: nil) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The unrecognised tax losses are losses which will expire 5 years from the year of origination.

23. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Authorised:		
At 1 April 2012, 31 March 2013 and 31 March 2014	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2012, 31 March 2013 and 31 March 2014	1,000,000,000	10,000

There are no changes in the authorised, issued and fully paid share capital of the Company in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

24. SHARE OPTION SCHEME

The share option scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012 (the “Share Option Scheme”). The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or non-executive), supplier, customer, joint venture partner, business associates and advisor (professional or otherwise) of the Company as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the “Effective Date”), subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

At 31 March 2014, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 27,480,000 (2013: nil), representing 2.75% (2013: nil) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. 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 director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders’ approval in a general meeting.

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

24. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options held by directors of the Company and employees of the Group during the year ended 31 March 2014:

Date of grant	Exercisable period	Exercise price HK\$	Granted during the year	Lapsed during the year	Outstanding at 31.3.2014
<i>Executive director:</i>					
28.1.2014	28.7.2015 — 27.7.2020	1.174	1,000,000	—	1,000,000
28.1.2014	28.7.2016 — 27.7.2020	1.174	1,000,000	—	1,000,000
28.1.2014	28.7.2017 — 27.7.2020	1.174	1,000,000	—	1,000,000
28.1.2014	28.7.2018 — 27.7.2020	1.174	2,000,000	—	2,000,000
			5,000,000	—	5,000,000
<i>Employees:</i>					
28.1.2014	28.7.2015 — 27.7.2020	1.174	5,824,000	(460,000)	5,364,000
28.1.2014	28.7.2016 — 27.7.2020	1.174	9,376,000	(540,000)	8,836,000
28.1.2014	28.7.2017 — 27.7.2020	1.174	3,160,000	(400,000)	2,760,000
28.1.2014	28.7.2018 — 27.7.2020	1.174	6,320,000	(800,000)	5,520,000
			24,680,000	(2,200,000)	22,480,000
Total			29,680,000	(2,200,000)	27,480,000

Note: The vesting period ends on the date the exercisable period of the share options begins.

During the year ended 31 March 2014, options were granted on 28 January 2014 with an aggregate estimated fair value of HK\$8,553,000 (2013: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

24. SHARE OPTION SCHEME (CONTINUED)

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

	2014
Share price at date of grant	HK\$1.12
Exercise price	HK\$1.174
Expected volatility	39.00%
Expected life	6.5 years
Risk-free rate	1.71%
Expected dividend yield	5.00%

Expected volatility was determined by using the annualised standard deviation of historical share price daily movements of selected comparable companies in same industry. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised the share-based payments of HK\$530,000 during the year ended 31 March 2014 (2013: nil) in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

25. OPERATING LEASE COMMITMENTS

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 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within one year	8,974	8,974
In the second to fifth years inclusive	—	8,974
	8,974	17,948

Operating lease payments represent rentals payable by the Group for the office premises. Leases are negotiated for an average term of two years and rentals are fixed.

26. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. Mandatory benefits are provided under the MPF Scheme. The Group contributes the lower of 5% of the relevant payroll costs and HK\$1,250 (HK\$1,000 before 1 June 2012) per employee to the MPF Scheme.

The total contribution to the retirement benefit scheme charged to the consolidated statement of profit or loss and other comprehensive income is HK\$2,279,000 (2013: HK\$2,008,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

27. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions:

	2014 HK\$'000	2013 HK\$'000
Financial public relations service income from Chongqing Iron & Steel (<i>note 1</i>)	1,951	3,906
Financial public relations service income from Qingling Motors (<i>note 1</i>)	55	116
Financial public relations service income from Luoyang Glass (<i>note 1</i>)	2,276	663
Operating lease rentals paid to Draw Up Assets Limited (“Draw Up”) (<i>note 2</i>)	—	393

Notes:

- (1) Chongqing Iron & Steel, Qingling Motors and Luoyang Glass are the companies in which Mr. Liu Tianni, the controlling shareholder and director of the Company, has directorship.
- (2) Wonderful Sky Financial Group leased a property owned by Draw Up and the lease was terminated during the year ended 31 March 2013. Draw Up is wholly-owned by Mr. Liu Tianni and his spouse.

Compensation of key management personnel

The remuneration of directors and other member of key management during the year was as follows:

	2014 HK\$'000	2013 HK\$'000
Salaries and allowances	9,209	7,460
Performance related incentive payments	600	1,014
Retirement benefit scheme contributions	66	65
Share-based payments	135	—
	10,010	8,539

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

28. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries held by the Company at the end of the reporting period are as follows:

Name of subsidiary	Place and date of incorporation	Place of operation	Issued and fully paid share capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2014 %	2013 %	
IR Global Roadshow Limited	BVI 15 September 2010	Hong Kong	US\$50,000	100	100	Organisation and coordination of international roadshow
Shine Talent Holdings*	BVI 11 November 2010	Hong Kong	US\$2	100	100	Investment holding
Wonderful Sky Financial Group	Hong Kong 1 August 2006	Hong Kong	HK\$10,000	100	100	Provision of financial public relations services in Hong Kong

* Directly held by the Company

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or 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.

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

29. EVENT AFTER THE REPORTING PERIOD

On 26 May 2014, the Company invests in guaranteed senior notes on the over-the-counter secondary market with maturity date on 14 May 2024 issued by China Cinda Finance (2014) Limited (the “Notes”) and guaranteed by Well Kent International Investment Company Limited at a total consideration of approximately HK\$102,300,000. The Notes bear an interest rate at 5.625% per annum.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Non-current assets		
Amounts due from subsidiaries	—	253,472
Held-to-maturity investments	86,828	—
	86,828	253,472
Current assets		
Amounts due from subsidiaries	385,357	—
Short-term investment	—	100,000
Bank balances	6,787	92,250
	392,144	192,250
Current liability		
Taxation payable	55	1,492
Net current assets	392,089	190,758
Net assets	478,917	444,230
Capital and reserves		
Share capital	10,000	10,000
Reserves	468,917	434,230
Total equity	478,917	444,230

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

FOR THE YEAR ENDED 31 MARCH 2014

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement of share capital and reserves

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Share options reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2012	10,000	314,232	—	79,997	404,229
Profit and total comprehensive income for the year	—	—	—	108,001	108,001
Final dividend recognised as distribution (<i>note 12</i>)	—	—	—	(27,000)	(27,000)
Interim dividend recognised as distribution (<i>note 12</i>)	—	—	—	(41,000)	(41,000)
At 31 March 2013	10,000	314,232	—	119,998	444,230
Profit and total comprehensive income for the year	—	—	—	105,157	105,157
Recognition of equity-settled share-based payments	—	—	530	—	530
Final dividend recognised as distribution (<i>note 12</i>)	—	—	—	(33,000)	(33,000)
Interim dividend recognised as distribution (<i>note 12</i>)	—	—	—	(38,000)	(38,000)
At 31 March 2014	10,000	314,232	530	154,155	478,917