QUALI-SMART HOLDINGS LIMITED
滉達富控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1348)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2016

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 March 2016 was approximately HK$770.4 million, representing a decrease of 7.1% from approximately HK$829.0 million for the year ended 31 March 2015.
- Gross profit for the year ended 31 March 2016 was approximately HK$80.4 million, representing a decrease of 8.0% from approximately HK$87.3 million for the year ended 31 March 2015.
- Loss for the year ended 31 March 2016 was approximately HK$77.6 million, representing an increase of 21 times from approximately HK$3.7 million for the year ended 31 March 2015. Included therein, major components consist of impairment loss on goodwill of approximately HK$48.1 million, amortisation of intangible assets of the PMT Group of approximately HK$8.8 million, consolidated segment loss for the Financial Services Division of approximately HK$15.1 million, loss on early redemption of promissory notes of approximately HK$1.2 million, increase in staff costs arising from the equity settled share-based payment expenses related to the grant of share options of about HK$10.6 million. There also include increase in finance costs on promissory notes and convertible notes of approximately HK$3.6 million and HK$2.8 million respectively. Such increase in losses was partially offset by a gain on disposal of subsidiaries of approximately HK$3.3 million, fair value gain on financial assets at fair value through profit or loss of approximately HK$4.0 million and reversal of impairment loss on trade receivables of approximately HK$7.0 million.
- The Board does not recommend the payment of final dividend for the year ended 31 March 2016.

* *For identification purpose only*

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of Quali-Smart Holdings Limited (the "Company") is pleased to present the consolidated financial results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016 together with the comparative figures for the preceding financial year in this announcement.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
REVENUE	6	**770,409**	829,016
Cost of sales		**(690,046)**	(741,701)
Gross profit		**80,363**	87,315
Other income, gains and losses	6	**19,682**	5,418
Selling expenses		**(18,739)**	(23,134)
Administrative expenses		**(95,534)**	(67,977)
Impairment loss on goodwill	7	**(48,064)**	–
Fair value changes in derivative financial asset	7	**581**	2,979
Finance costs	8	**(11,061)**	(5,118)
LOSS BEFORE INCOME TAX EXPENSE	7	**(72,772)**	(517)
Income tax expense	9	**(4,801)**	(3,209)
LOSS FOR THE YEAR		**(77,573)**	(3,726)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 March	
		2016	2015
	Note	***HK$'000***	*HK$'000*
LOSS FOR THE YEAR		**(77,573)**	(3,726)
Other comprehensive income attributable to the owners of the Company that may be classified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations		**(1,069)**	26
Other comprehensive income attributable to the owners of the Company that will not be classified to profit or loss in subsequent periods:			
Revaluation surplus upon transfer of owner–occupied leasehold buildings to investment property		**6,071**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(72,571)**	(3,700)
Loss attributable to:			
Owners of the Company		**(77,572)**	(3,721)
Non-controlling interests		**(1)**	(5)
		(77,573)	(3,726)
Total comprehensive income attributable to:			
Owners of the Company		**(72,570)**	(3,695)
Non-controlling interests		**(1)**	(5)
		(72,571)	(3,700)
			(restated)
Loss per share			
– Basic and diluted (HK cents)	11	**(5.97)**	(0.35)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**44,460**	128,451
Prepaid land lease payments		**6,952**	7,520
Investment property		**6,200**	–
Goodwill		**188,478**	51,759
Intangible assets		**77,151**	85,395
Interests in a joint venture		**–**	–
Deferred tax asset		**1,717**	1,756
Statutory deposit for financial service business		**396**	–
Total non-current assets		**325,354**	274,881
CURRENT ASSETS			
Inventories	12	**108,764**	133,160
Trade receivables	13	**457,360**	74,620
Financial assets at fair value through profit or loss		**18,222**	–
Prepayments, deposits and other receivables		**29,679**	1,676
Derivative financial asset	18	**5,721**	5,140
Tax recoverable		**–**	854
Cash and bank balances held on behalf of customers		**91**	–
Cash and cash equivalents		**221,633**	67,170
Total current assets		**841,470**	282,620
CURRENT LIABILITIES			
Trade payables	15	**407,093**	44,603
Receipts in advance, accruals and other payables		**27,585**	42,589
Amount due to a related company		**102**	–
Derivative financial instruments	14	**–**	161
Interest-bearing bank borrowings	16	**49,051**	52,772
Promissory notes	17	**45,000**	–
Convertible notes	18	**55,055**	–
Tax payables		**326**	–
Total current liabilities		**584,212**	140,125
NET CURRENT ASSETS		**257,258**	142,495
TOTAL ASSETS LESS CURRENT LIABILITIES		**582,612**	417,376

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

		At 31 March	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	16	**7,667**	33,600
Promissory notes	17	**79,792**	20,089
Convertible notes	18	**–**	51,189
Deferred tax liabilities		**12,805**	14,302
Total non-current liabilities		**100,264**	119,180
Net assets		**482,348**	298,196
EQUITY			
Share capital	19	**281**	224
Reserves	20	**481,477**	297,381
		481,758	297,605
Non-controlling interests		**590**	591
Total equity		**482,348**	298,196

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Other reserve HK$'000	Share option reserve HK$'000	Convertible notes equity reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Proposed final dividend HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2014	187	104,048	9,271	696	4,835	–	2,100	93	–	84,362	4,800	210,392	–	210,392
Acquisition of a subsidiary *(note 22)*	–	–	–	–	–	–	–	–	–	–	–	–	596	596
Equity settled share-based transactions *(note 21)*	–	–	–	–	–	–	–	2,228	–	–	–	2,228	–	2,228
Lapse of share options *(note 21)*	–	–	–	–	–	–	–	(98)	–	98	–	–	–	–
Dividend paid	–	–	–	–	–	–	–	–	–	(8,640)	(4,800)	(13,440)	–	(13,440)
Proceeds from placing of new shares *(note 19b)*	37	59,963	–	–	–	–	–	–	–	–	–	60,000	–	60,000
Issuing expenses of placing new shares	–	(605)	–	–	–	–	–	–	–	–	–	(605)	–	(605)
Recognition of equity component of convertible notes *(note 18)*	–	–	–	–	–	–	–	–	42,725	–	–	42,725	–	42,725
Loss for the year	–	–	–	–	–	–	–	–	–	(3,721)	–	(3,721)	(5)	(3,726)
Other comprehensive income														
Exchange differences arising on translation of foreign operations	–	–	–	–	26	–	–	–	–	–	–	26	–	26
Total comprehensive income for the year	–	–	–	–	26	–	–	–	–	(3,721)	–	(3,695)	(5)	(3,700)
Transfer to statutory reserve	–	–	–	103	–	–	–	–	–	(103)	–	–	–	–
At 31 March 2015 and 1 April 2015	224	163,406	9,271	799	4,861	–	2,100	2,223	42,725	71,996	–	297,605	591	298,196
Exercise of share options *(note 21)*	3	4,342	–	–	–	–	–	(1,150)	–	–	–	3,195	–	3,195
Equity settled share-based transactions *(note 21)*	–	–	–	–	–	–	–	12,818	–	–	–	12,818	–	12,818
Proceeds from subscription of new shares *(note 19c)*	54	245,585	–	–	–	–	–	–	–	–	–	245,639	–	245,639
Issuing expenses of new shares subscription	–	(3,929)	–	–	–	–	–	–	–	–	–	(3,929)	–	(3,929)
Disposal of subsidiaries	–	–	–	–	–	–	(1,000)	–	–	–	–	(1,000)	–	(1,000)
Loss for the year	–	–	–	–	–	–	–	–	–	(77,572)	–	(77,572)	(1)	(77,573)
Other comprehensive income														
Exchange differences arising on translation of foreign operations	–	–	–	–	(1,069)	–	–	–	–	–	–	(1,069)	–	(1,069)
Revaluation surplus upon transfer of owner-occupied leasehold buildings to investment property	–	–	–	–	–	6,071	–	–	–	–	–	6,071	–	6,071
Total comprehensive income for the year	–	–	–	–	(1,069)	6,071	–	–	–	(77,572)	–	(72,570)	(1)	(72,571)
Transfer to statutory reserve	–	–	–	45	–	–	–	–	–	(45)	–	–	–	–
At 31 March 2016	281	409,404	9,271	844	3,792	6,071	1,100	13,891	42,725	(5,621)	–	481,758	590	482,348

NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Quali-Smart Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2012 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong is located at Workshop C on 19th Floor, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, Hong Kong. The ordinary shares in the capital of the Company (the "Shares") are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs

The Group has adopted the following new/revised HKFRSs for the first time for the financial year beginning 1 April 2015:

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group's financial statements.

(b) New/amended HKFRSs that have been issued but not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operation[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Lease[3]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 Effective for annual periods beginning, on or after 1 January 2019

* No mandatory effective date yet determined but it is available for immediate adoption

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncements. Information on new or amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new or amended HKFRSs have been issued but are not expected to have a material impact on the Group's financial statements.

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgment in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit the use of a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that amortisation based on revenue is not appropriate for intangible assets. This presumption can be rebutted if either the intangible asset is expressed as a measure of revenue or revenue and the consumption of the economic benefits of the intangible asset and highly correlated.

Amendments to HKAS 27 – Equity Method in Separate Financial Statements

The amendments allow an entity to apply the equity method in accounting for its investments in subsidiaries, joint ventures and associates in its separate financial statements.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at fair value through other comprehensive income. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

Amendments to HKFRS 11 – Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity to apply all of the principles of HKFRS 3 Business Combinations when it acquires an interest in a joint operation that constitutes a business as defined in that standard. The principles of HKFRS 3 are also applied upon the formation of a joint operation if an existing business as defined in that standard is contributed by at least one of the parties.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

(c) New Companies Ordinance provisions relating to the presentation of financial statements

The provisions of the new Hong Kong Companies Ordinance, Cap. 622 regarding preparation of accounts and directors' reports and audits became effective for the Company for this financial year. In addition, the disclosure requirements set out in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") regarding annual accounts have been amended with reference to the new Hong Kong Companies Ordinance, Cap. 622. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 March 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 March 2015 are presented or disclosed in the consolidated financial statements based on the new requirements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs (which collective terms include all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA. The consolidated financial statements also include the applicable disclosures requirements of the Hong Kong Companies Ordinance and applicable Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for:

– investment property;

– financial instruments classified at fair value through profit or loss; and

– derivative financial instruments.

which are stated at fair values as explained in the accounting policies set out below. It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. Items included in the financial statements of each of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

4. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

5. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. The chief operating decision-maker considers the business primarily on the assessment of operating performance in each operating unit, which is the basis upon which the Group is organised. Each operating unit is distinguished based on types of goods or services delivered or provided. During the year, the Group obtained control of Crosby Securities Limited ("CSL") and Crosby Asset Management (Hong Kong) Limited ("CAM") by acquiring its entire equity interest. The principal activities of CSL are securities brokerage, securities margin financing, provision of investment advisory, corporate finance advisory and asset management services. The principal activities of CAM are the provision of investment advisory and asset management services. The activities of CSL and CAM have become a new reportable and operating segment of the Group and separately assessed by the chief operating decision-marker. The following summary describes the operations in each of the Group's reportable segments:

– Manufacturing and sales of toys;

– Digital publishing, mobile and web application solutions; and

– Securities brokerage, securities margin financing, investment advisory, corporate finance advisory and asset management services ("Financial Services").

(a) Reportable segments

Management assesses the performance of the operating segments based on the measure of segment results which represents the net of revenues, other income, gains and losses, costs and expenditures directly attributable to each operating segment. Central administrative cost are not allocated to the operating segment as they are not included in the measure of the segment results that are used by the chief operating decision-marker for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reporting segment for the year:

Segment revenue and results

	Manufacturing and sales of toys *HK$'000*	Digital publishing, mobile and web application solutions *HK$'000*	Financial Services *HK$'000*	Total *HK$'000*
For the year ended 31 March 2016				
External revenue	**765,737**	**1,836**	**2,836**	**770,409**
Segment profit/(loss)	**32,375**	**(62,512)**	**(15,056)**	**(45,193)**
Corporate income				
– Others				**2,236**
Central administrative cost				**(30,742)**
Fair value change in derivative financial asset				**581**
Net gain on derivative financial instruments				**346**
Loss before income tax expense				**(72,772)**

	Manufacturing and sales of toys	Digital publishing, mobile and web application solutions	Financial Services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 March 2015				
External revenue	827,845	1,171	–	829,016
Segment profit/(loss)	15,353	(4,051)	–	11,302
Corporate income				
– Others				2
Central administrative cost				(14,639)
Fair value change in derivative financial asset				2,979
Fair value loss on derivative financial instruments				(161)
Loss before income tax expense				(517)

Segment profit/(loss) represents the profit or (loss) earned by each segment without allocation of corporate income, fair value changes/realised gains on derivative financial instruments, fair value gain on financial assets at fair value through profit or loss, fair value change in derivative financial asset and central administrative cost. This is the information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets

All assets are allocated to reportable segments other than deferred tax asset, prepayments, tax recoverable, derivative financial asset, cash and cash equivalents and cash and bank balances held on behalf of customers.

	2016	2015
	HK$'000	*HK$'000*
Manufacturing and sales of toys	**233,185**	343,049
Digital publishing, mobile and web application solutions	**81,057**	138,666
Financial Services	**618,332**	–
Total segment assets	**932,574**	481,715
Unallocated	**234,250**	75,786
Consolidated assets	**1,166,824**	557,501

Segment liabilities

All liabilities are allocated to reportable segments other than derivative financial instruments, promissory notes, convertible notes, tax payables and deferred tax liabilities.

	2016	2015
	HK$'000	*HK$'000*
Manufacturing and sales of toys	**106,525**	172,481
Digital publishing, mobile and web application solutions	**2,963**	1,083
Financial Services	**382,010**	–
Total segment liabilities	**491,498**	173,564
Unallocated	**192,978**	85,741
Consolidated liabilities	**684,476**	259,305

Other segment information

Amounts included in the measure of segment profit/(loss) or segment assets:

For the year ended 31 March 2016

	Manufacturing and sales of toys	**Digital publishing, mobile and web application solutions**	**Financial Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Additions to property, plant and equipment	**6,116**	**125**	**419**	**6,660**
Depreciation of property, plant and equipment	**(19,253)**	**(291)**	**(278)**	**(19,822)**
Loss on disposal of property, plant and machinery	**(34)**	**–**	**–**	**(34)**
Amortisation of prepaid lease payments	**(201)**	**–**	**–**	**(201)**
Amortisation of intangible assets	**–**	**(8,790)**	**–**	**(8,790)**
Impairment loss on goodwill	**–**	**(48,064)**	**–**	**(48,064)**
Fair value gain on financial assets through profit or loss	**–**	**–**	**3,983**	**3,983**
Reversal of impairment loss on trade receivable	**6,966**	**–**	**–**	**6,966**
Interest expenses	**(2,805)**	**–**	**(43)**	**(2,848)**

For the year ended 31 March 2015

	Manufacturing and sales of toys	Digital publishing, mobile and web application solutions	Financial Services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Additions to property, plant and equipment	19,392	33	–	19,425
Depreciation of property, plant and equipment	(15,556)	(43)	–	(15,599)
Gain on disposal of property, plant and machinery	45	–	–	45
Amortisation of prepaid lease payments	(207)	–	–	(207)
Amortisation of intangible assets	–	(2,505)	–	(2,505)
Impairment loss on trade receivables	(12,046)	–	–	(12,046)
Impairment loss on other receivables	(210)	–	–	(210)
Write-down of inventories	(6,604)	–	–	(6,604)
Interest expenses	(3,270)	–	–	(3,270)

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment property and prepaid land lease payments ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets in the case of property, plant and equipment.

(i) Revenue from external customers

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
North America *(note 1)*	**351,313**	433,847
Western Europe		
– United Kingdom	**86,965**	108,462
– France	**43,103**	30,574
– Netherland	**16,158**	12,952
– Others *(note 2)*	**99,227**	115,740
South America	**25,356**	24,611
PRC and Taiwan	**67,208**	37,985
Australia, New Zealand and Pacific Islands	**15,888**	20,349
Central America, Caribbean and Mexico	**32,494**	18,761
Others *(note 3)*	**32,697**	25,735
Total	**770,409**	829,016

Note 1: North America includes United States of America and Canada.

Note 2: Others include Germany, Belgium, Italy, Czech Republic and Spain.

Note 3: Others include Hong Kong, Africa, India, Japan, Korea, Israel, Sandi Arabia and Southeast Asia.

(ii) Specified non-current assets

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Mainland China, the PRC	**48,160**	62,869
Hong Kong	**9,452**	73,102
Total	**57,612**	135,971

(c) Information about major customers

Revenue from major customers, each of whom amounted to 10% or more of the Group's revenue, is set out below:

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Customer A	**315,689**	249,995
Customer B	**121,008**	140,267
Customer C	**128,670**	134,201
Customer D	**99,038**	106,312
Customer E*	**–**	84,314

* The customer contributed less than 10% of the Group's revenue during the year ended 31 March 2016.

6. REVENUE, OTHER INCOME, GAINS AND LOSSES

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the provision of financial services. An analysis of revenue is as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Revenue		
Manufacturing and sales of goods	**765,737**	827,845
Digital publishing, mobile and web application solutions	**1,836**	1,171
Financial Services	**2,836**	–
	770,409	829,016

Other income and gains and losses

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Other income		
Interest income from bank deposits	**19**	27
Moulding income	**3,802**	3,855
Rental income	**379**	–
	4,200	3,882
Other gains and losses		
Exchange gains, net	**242**	115
Gain on disposal of subsidiaries	**3,303**	–
Net gain/(loss) on derivative financial instruments	**346**	(161)
Fair value gain on financial assets at fair value through profit or loss	**3,983**	–
Loss on changes in fair value of investment property	**(400)**	–
Loss on early redemption of promissory notes	**(1,214)**	–
(Loss)/gain on disposal of property, plant and equipment	**(34)**	45
Reversal of impairment loss on trade receivables	**6,966**	–
Others	**2,290**	1,537
	15,482	1,536
Other income, gains and losses	**19,682**	5,418

7. LOSS BEFORE INCOME TAX EXPENSE

The Group's loss before income tax expense is arrived at after charging/(crediting):

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**690,046**	741,701
Depreciation of property, plant and equipment	**23,443**	18,667
Amortisation of prepaid land lease payments	**201**	207
Amortisation of intangible assets	**8,790**	2,505
Employee benefits expenses (excluding Directors' remuneration):		
Wages and salaries	**42,792**	34,819
Equity settled share-based payment expenses to employees	**3,120**	467
Pension scheme contributions	**3,025**	3,587
Other benefits	**4,812**	4,818
	53,749	43,691
Fair value changes in derivative financial asset	**(581)**	(2,979)
Equity settled share-based payment expenses to eligible persons other than employees and directors	**4,540**	241
Auditor's remuneration	**1,692**	1,380
Operating lease charges in respect of land and buildings	**3,377**	3,563
Write-down of inventories	**–**	6,604
Impairment loss on other receivables	**–**	210
Impairment loss on trade receivables	**–**	12,046
Impairment loss on goodwill	**48,064**	–

8. FINANCE COSTS

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank and other borrowings:		
– Bank borrowings	**3,309**	3,783
– Promissory notes	**3,886**	280
– Convertible notes	**3,866**	1,055
	11,061	5,118

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided on the estimated assessable profit arising in Hong Kong at the rate of 16.5% during the year (2015: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

The PRC corporate income tax rate of the Company's subsidiary operating in the PRC during the year was 25% on its taxable profit (2015: 25%).

The major components of the income tax expense for the year are as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the year	**6,316**	4,817
(Over)/under provision in prior years	**(65)**	6
	6,251	4,823
Current – PRC		
Charge for the year	**300**	344
	6,551	5,167
Deferred tax credit	**(1,750)**	(1,958)
Income tax expense for the year	**4,801**	3,209

The income tax expense for the year can be reconciled to the loss before income tax expense per the consolidated statement of comprehensive income as follows:

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Loss before income tax expense	**(72,772)**	(517)
Tax at the applicable tax rate of 16.5% (2015: 16.5%)	**(12,007)**	(85)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**16**	69
Tax effect of revenue not taxable for tax purposes	**(1,591)**	(469)
Tax effect of expenses not deductible for tax purposes	**13,062**	3,085
Tax effect of tax losses not recognised	**5,350**	342
Tax effect of temporary differences not recognised	**113**	261
Utilisation of tax losses previously not recognised	**(77)**	–
(Over)/under provision in prior years	**(65)**	6
Income tax expense	**4,801**	3,209

As at 31 March 2016, no deferred tax asset has been recognised in respect of the deductible temporary differences of HK$3,194,000 (2015: HK$2,509,000) as the amount is immaterial to the Group.

No deferred tax asset has been recognised in respect of the unused tax losses of HK$34,030,000 (2015: HK$2,073,000) due to the unpredictability of future profit streams. The unused tax losses can be carried forward indefinitely. In addition, as at 31 March 2016, the aggregate amount of temporary differences associated with the unremitted earnings of the Company's subsidiary established in the PRC, of which deferred tax liabilities have not been recognised are approximately of HK$7,211,000 (2015: HK$6,816,000). It is because in the opinion of the Directors, it is not probable that this subsidiary will distribute its earnings accrued from 1 January 2008 to 31 March 2016 in the foreseeable future.

10. DIVIDENDS

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Interim dividend of HK cents Nil per Share (2015: HK cents 3 per Share)	**–**	8,640

At the Board meeting held on 27 November 2015, the Directors did not propose an interim dividend for the year ended 31 March 2016 (2015: HK cents 3 per Share, totaling HK$8,640,000). At the Board meeting held on 30 June 2016, the Directors did not propose a final dividend for the year ended 31 March 2016 (2015: Nil).

11. LOSS PER SHARE

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

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to the owners of the Company	**(77,572)**	(3,721)
Number of shares		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,299,533,918**	1,067,835,616

Notes:

(a) The calculation of basic loss per share attributable to the owners of the Company is based on the loss for the year ended 31 March 2016 of approximately HK$77,572,000 (2015: HK$3,721,000), and of the weighted average number of 1,299,533,918 (2015 (restated): 1,067,835,616) ordinary shares in issue during the year.

(b) For the purpose of calculation of basic loss per share for the year ended 31 March 2016, the share subdivision being effective on 13 January 2016 (note 19d) was deemed to be effective throughout the period from 1 April 2014 to 31 March 2016.

Diluted loss per share are the same as basic loss per share for the year ended 31 March 2016 (2015: same) as the impact of the potential dilutive ordinary shares outstanding has an anti-dilutive effect on the basic loss per share presented for the year ended 31 March 2016 (2015: anti-dilutive).

There is no dilutive effect on the convertible notes as they are anti-dilutive (2015: Nil).

12. INVENTORIES

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Raw materials	**76,698**	84,188
Work in progress	**5,376**	5,565
Finished goods	**26,690**	43,407
	108,764	133,160

13. TRADE RECEIVABLES

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Trade receivables from financial services segment	**388,706**	–
Trade receivables from toys and information technology segments	**68,654**	74,620
	457,360	74,620

Trade receivables from financial services segment

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Accounts receivable arising from the ordinary course of business of securities brokerage and margin financing:		
– Cash clients	**383,658**	–
– Margin clients	**5,014**	–
Accounts receivable arising from the ordinary course of business of provision of:		
– Investment advisory services	**660**	–
– Asset management services	**34**	–
	389,366	–
Less: Allowance for impairment loss	**(660)**	–
	388,706	–

Ageing analysis of trade receivables of the financial services segment based on the invoice date and net of provision for impairment is as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
On demand	**5,014**	–
Current – 30 days	**383,684**	–
61 – 90 days	**8**	–
	388,706	–

Ageing analysis of trade receivables of the financial services segment based on due date and net of provision for impairment is as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**388,706**	–

The movements of impairment loss on trade receivables of the financial services segment are as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**–**	–
Acquired through business combinations	**660**	–
At 31 March	**660**	–

The settlement terms of trade receivables from the business of securities brokerage are one to two days after the respective trade date.

Margin clients are required to pledge securities as collateral to the Group in order to obtain the credit facilities for securities trading. The amount of credit facilities granted to them is determined based on a discount on the market value of securities accepted by the Group. Any excess in the lending ratio will trigger a margin call which the clients have to make good the shortfall. As at 31 March 2016, the market value of securities pledged by clients to the Group as collateral against margin client receivables was HK$24,514,000 (31 March 2015: Nil). The amounts due from margin clients are repayable on demand and carry interest at a range from 8% to 9% per annum.

The Group allows a credit period ranging from 0 to 90 days to its clients arising from the businesses of provision of investment advisory, corporate finance advisory and asset management services. All such accounts receivable are not past due at the reporting dates for which the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable.

Trading limits are set for customers. The Group seeks to maintain tight control over its outstanding accounts receivable in order to minimise credit risk. Overdue balances are regularly monitored by management.

Trade receivables from toys and information technology segments

The credit period on sales of goods ranging from 30 to 90 days from the invoice date. An aged analysis of the trade receivables at the end of the reporting period, based on the invoice date and before impairment loss, is as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current to 30 days	**34,702**	34,191
31 to 60 days	**1,914**	12,787
61 to 90 days	**5,389**	12,374
Over 90 days	**26,649**	27,314
	68,654	86,666
Less: Allowance for impairment loss	**–**	(12,046)
	68,654	74,620

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Neither past due nor impaired	**38,911**	47,145
Less than 1 month past due	**4,227**	12,843
1 to 3 months past due	**4,610**	10,516
Over 3 months past due	**20,906**	4,116
	68,654	74,620

Receivables that were neither past due nor impaired relate to the customers for which there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

The below table reconciled the impairment loss of trade receivables of toys and information technology segments for the year:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**12,046**	–
Impairment loss recognised	**–**	12,046
Recovery of impairment loss previously recognised	**(6,966)**	–
Bad debts written off	**(5,080)**	–
At 31 March	**–**	12,046

14. DERIVATIVE FINANCIAL INSTRUMENTS

The derivative financial instruments represent certain RMB/US$ foreign exchange forward contracts held by the Group. The Group would sell US Dollars to the bank in exchange for RMB at the agreed forward rate.

As at 31 March 2016, all remaining contracts were matured (2015: notional amount of the outstanding forward contracts with contract periods within 13 months were US$25.0 million).

The fair values of foreign currency forward contracts are measured by discounting respective risk free rates matching the maturities of the net cash flows that are calculated through multiplying the notional amount with the difference between contractual forward rates and forward rates from the valuation date to maturity dates with the assumptions that there will be no material change in the existing political, legal, fiscal, technological and economic conditions. There is no material change in the interest rates and exchange rates from those of present or expected.

The below table reconciled the movements of the derivative financial instruments during the year.

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**(161)**	–
Net gain/(loss) on derivative financial instruments during the year	**346**	(161)
Settlements during the year	**(185)**	–
At 31 March	**–**	(161)

15. TRADE PAYABLES

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Trade payables from financial services segment	**380,325**	–
Trade payables from toys and information technology segments	**26,768**	44,603
	407,093	44,603

Trade payables from financial services segment

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Accounts payable arising from the ordinary course of business of securities brokerage and margin financing:		
– Cash clients	**16,225**	–
– Margin clients	**1**	–
– Clearing house	**364,099**	–
	380,325	–

The settlement terms of trade payable attributable to the business of securities brokerage are one to two days after the respective trade date.

As at the 31 March 2016, included in trade payable was an amount of approximately HK$91,000 (2015: Nil) payable to clients and other institutions in respect of trust and segregated bank balances received and held for clients and other institutions in the course of the conduct of regulated activities.

Trade payables from toys and information technology segments

The Group normally obtains credit terms of ranging from 15 to 60 days from its suppliers. Trade payables are interest-free.

An aged analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current to 30 days	**15,352**	17,506
31 to 60 days	**6,782**	10,085
61 to 90 days	**2,812**	9,242
More than 90 days but less than 365 days	**514**	6,523
More than 365 days	**1,308**	1,247
	26,768	44,603

16. INTEREST-BEARING BANK BORROWINGS

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
Current		
Secured		
– bank loans due for repayment within one year	**49,051**	52,772
Non-current		
Secured		
– bank loans due for repayment after one year	**7,667**	33,600
Total interest-bearing bank borrowings	**56,718**	86,372

The Group's banking facilities and its interest-bearing bank borrowings are secured by Company's corporate guarantees and cross guarantees from the Company's subsidiaries, which are Qualiman Industrial Co. Limited and Sunmart Company Limited.

At 31 March 2016, total current and non-current bank borrowings were scheduled to be repaid as follows:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
On demand or within one year	**49,051**	52,772
More than one year, but not exceeding two years	**4,000**	6,800
More than two years, but not exceeding five years	**3,667**	16,067
More than five years	**–**	10,733
	56,718	86,372

Certain banking facilities are subject to the fulfillment of covenants relating to certain of the Group's financial position ratios, which are to maintain (i) the combined tangible net worth at not less than certain amount; (ii) specific gearing ratio; and (iii) specific loan to valuation ratio of the Group as are commonly found in lending arrangements with financial institutions. If the Group breaches the covenants, the drawn down facilities shall become repayable on demand.

The Group regularly monitors its compliance with these covenants and does not consider it probable that the bank will exercise its discretion to demand repayment for so long as the Group continues to meet these requirements. As at 31 March 2016, none of the covenants relating to drawn down facilities had been breached (2015: Nil).

17. PROMISSORY NOTES

Year ended 31 March 2016 – Acquisitions of CSL and CAM

On 23 November 2015, the Company issued promissory notes with an aggregate principal amount of HK$166,363,636 as part of the consideration for the acquisition of the remaining 90% of the issued share capital of CSL as disclosed in note 22. The promissory notes are unsecured and denominated in HKD. The promissory notes are bearing interest at fixed rate of 5% per annum and are payable in arrears. The maturity date is 18 months from the date of issue.

On initial recognition, the fair values of the promissory notes are determined based on the present value of the contractual stream of future cash flows discounted at approximately 10.22% per annum. The discount rates are determined with reference to the yield rate with credit rating and duration similar to the promissory notes.

During the year, the Group repaid the sum of HK$87,030,303 in outstanding principal amount of the promissory notes.

Year ended 31 March 2015 – Acquisition of PMT

On 17 December 2014, the Company issued promissory notes with an aggregate principal amount of HK$20,000,000 as part of the consideration for the acquisition of the entire equity interest in PMT Group as disclosed in note 22. The promissory notes are unsecured and denominated in HKD. The promissory notes are bearing interest at fixed rate of 5% per annum and are payable in arrears. The maturity date is 18 months from the date of issue.

On initial recognition, the fair values of the promissory note are determined based on the present value of the contractual stream of future cash flows discounted at 5.64% per annum. The discount rates are determined with reference to the yield rate with credit rating and duration similar to the promissory notes. The promissory notes were repaid in full on 7 January 2016.

The promissory notes recognised in the consolidated statement of financial position at initial recognition are as follows:

	2016	2015
	HK$'000	HK$'000
Fair value of promissory notes at 17 December 2014 *(note 22)*	–	19,809
Fair value of promissory notes at 23 November 2015 *(note 22)*	**163,708**	–

Non-current liabilities

The movements of the promissory notes for the year are set out below:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**20,089**	–
Promissory notes issued on 17 December 2014	–	19,809
Promissory notes issued on 23 November 2015	**163,708**	–
Effective interest expense	**3,886**	280
Interest payables	**(2,075)**	–
Loss on early redemption of promissory notes	**1,214**	–
Early redemption	**(107,030)**	–
At 31 March	**79,792**	20,089

Current liabilities

On 31 March 2016, the Group entered into an agreement with an independent third party pursuant to which the Group issued a structured note with a principal amount of HK$20,000,000 and a promissory note with a principal amount of HK$25,000,000 (collectively the "Note"). The Note is unsecured and denominated in HKD. The Note is bearing interest at fixed rate of 6% per annum and is repayable in arrears. The maturity date is 1 April 2016 and the Note was repaid in full upon maturity.

18. CONVERTIBLE NOTES

On 17 December 2014, the Company issued convertible notes with principal amount of HK$58,000,000 as part of the consideration for the acquisition of the entire equity interest in PMT Group as disclosed in note 22. The convertible notes are interest-free and carry a right to convert the principal amount into shares of US$0.0001 each (adjusted par value of US$0.000025 upon share sub-division) in the share capital of the Company at an initial conversion price of HK$4.09 per share (adjusted conversion price of HK$1.023 upon share sub-division) during the period from 17 December 2014 to 17 December 2016. The Company may at any time before the maturity date redeem the convertible notes at par (in whole or in part). Any amount of the convertible notes which remains outstanding on the maturity date will be redeemed at their outstanding principal amount.

On initial recognition, the convertible notes contain two components, liability and equity components. The equity component is presented in equity with heading "convertible notes equity reserve" in note 20. The effective interest rate of the liability component on initial recognition is 7.3% per annum.

The convertible notes recognised in the consolidated statement of financial position at initial recognition are as follows:

	2015
	HK$'000
Fair value of convertible notes at 17 December 2014 *(note 22)*	90,698
Equity component	(42,725)
Derivative financial asset	2,161
Liability component on initial recognition	50,134

The movements of the liability component of the convertible notes for the year are set out below:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**51,189**	–
Convertible notes issued	**–**	50,134
Effective interest expense	**3,866**	1,055
At 31 March	**55,055**	51,189

The movements of the derivative financial asset of the convertible notes for the year are set out below:

	At 31 March	
	2016	2015
	HK$'000	*HK$'000*
At 1 April	**5,140**	–
Derivative financial asset as at inception date	**–**	2,161
Changes in fair value recognised in profit or loss during the year	**581**	2,979
At 31 March	**5,721**	5,140

19. SHARE CAPITAL

The movements in the issued ordinary share capital during the year are as follows:

		2016		2015	
	Notes	**Number of Shares**	***HK$'000***	Number of Shares	*HK$'000*
Authorised:					
Ordinary Shares of US$0.000025 (2015: US$0.0001) each					
At 1 April	(a), (d)	**2,000,000,000**	**389**	500,000,000	389
At 31 March		**2,000,000,000**	**389**	500,000,000	389
Issued and fully paid:					
Ordinary Shares of US$0.000025 (2015: US$0.0001) each					
At 1 April		**288,000,000**	**224**	240,000,000	187
Placing of new shares	(b), (c)	**70,500,000**	**54**	48,000,000	37
Issue of ordinary shares upon exercise of share options	21	**3,195,000**	**3**	–	–
Share subdivision	(d)	**1,085,085,000**	**–**	–	–
At 31 March		**1,446,780,000**	**281**	288,000,000	224

Notes:

(a) On 14 March 2012, the Company was incorporated in the Cayman Islands with an authorised capital of US$50,000 divided into 500,000,000 ordinary shares of US$0.0001 each. One subscriber Share was issued at par for cash.

(b) On 20 August 2014, the Company entered into a placing agreement with a placing agent, an independent third party. On 8 September 2014, the placing was completed. The Company issued 48,000,000 new Shares with par value of US$0.0001 each at a price of HK$1.25 each. The issued share capital of the Company was thus increased from HK$187,000 to HK$224,000. The excess of placement proceeds over the nominal value of share capital issued net of the expenses incurred thereon was credited as share premium. The Company intended to apply the net proceeds for the general working capital of the Group, future development of the Group's business or other appropriate investment as may be identified by the Directors.

(c) On 22 July 2015, the Company entered into a subscription agreements with certain subscribers which are independent third parties. On 28 July 2015, the subscription was completed. The Company issued 30,000,000 new Shares with par value of US$0.0001 each at a price of HK$2.95 each. The issued share capital of the Company was thus increased by HK$23,000. The excess of the subscription proceeds over the nominal value of share capital issued net of the expenses incurred thereon was credited as share premium. The Company intended to apply the net proceeds for the general working capital of the Group, future development of the Group's business of other appropriate investment as may be identified by the Directors.

On 20 November 2015, the Company entered into a subscription agreements with certain subscribers which are independent third parties. On 14 December 2015, the subscription was completed. The Company issued 40,500,000 new Shares with par value of US$0.0001 each at a price of HK$3.88 each. The issued share capital of the Company was thus increased by HK$31,000. The excess of the subscription proceeds over the nominal value of share capital issued net of the expenses incurred thereon was credited as share premium. The Company intended to apply the net proceeds for the repayment of the promissory note issued as partial consideration for the acquisition of Crosby Securities Limited and as general working capital.

(d) Pursuant to an ordinary resolution passed by shareholders at the extraordinary general meeting of the Company held on 12 January 2016, each existing share of the Company was subdivided into four subdivided shares. Immediately upon the share subdivision became effective on 13 January 2016 (the "share sub-division"), the Company had 1,446,780,000 shares in issue and fully paid.

20. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Share premium

The share premium account of the Group represents the premium arising from the issuance of Shares above its par value.

Capital reserve

Capital reserve represents the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies now comprising the Group. The capital reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests.

Statutory reserve

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory net profit after taxation (after offsetting any prior years' losses) to the statutory reserve fund. When the balance of the statutory reserve fund reaches 50% of the entity's registered capital, any further appropriation is optional. The statutory reserve fund can be utilised to offset prior years' losses or to increase the registered capital. However, such balance of the statutory reserve fund must be maintained at a minimum of 50% of the registered capital after such usages..

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Property revaluation reserve

Property revaluation reserve comprised the revaluation surplus arising from the transfer of owner-occupied property to investment property at the date of change in use.

Share option reserve

Cumulative expenses recognised on the granting of share options to the eligible participants over the vesting period.

Convertible notes equity reserve

Amount of proceeds on issue of convertible notes relating to the equity component (i.e. option to convert the debt into share capital).

21. EQUITY SETTLED SHARE-BASED PAYMENTS

The Company adopted a share option scheme pursuant to a resolution in writing passed by the Shareholders on 3 January 2013 (the "Share Option Scheme") for the purpose to grant share options to selected participants as incentives or rewards for their contribution to the Group. Eligible participants of the Share Option Scheme include directors of the Company or any of its subsidiaries, including non-executive directors and independent non-executive directors, other employees of the Group and consultants.

Pursuant to the Share Option Scheme, shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 10% of the shares of the Company in issue at the time dealings in the shares of the Company first commence on the Stock Exchange. The Company may renew this 10% limit with shareholders' approval provided that each such renewal may not exceed 10% of the shares of the Company in issue as at the date of the shareholders' meeting.

The maximum number of shares of the Company which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not in aggregate exceed 30% of the issued share capital of the Company in issue from time to time.

Unless approved by the Shareholders of the Company, the total number of shares of the Company issued and to be issued upon the exercise of options granted to each eligible participant (including exercised and unexercised options) under the Share Option Scheme or any other share option schemes adopted by the Company in any 12-month period must not exceed 1% of the shares of the Company in issue.

On 17 March 2014, the Company granted 10,800,000 share options (the "first share option") to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme:

(1) All share options granted were at an exercise price of HK$1 per share;

(2) All holders of share options might only exercise their options in the following manner:

    The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the offer date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the offer date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the offer date until the last day of the option period; and

(3) All outstanding or unexercised share options granted to the grantees shall lapse on 16 March 2019 or 16 March 2024.

The estimated fair values of share options vested on 17 March 2014 were HK$3,911,000. These fair values were calculated using the Binomial model. The inputs into the model are as follows:

Share price	HK$0.95
Exercise price	HK$1.00
Expected volatility	50.554%
Expected life	5 years/10 years
Risk-free interest rate	1.2010%/2.1656%
Dividend yield	4.274%
Suboptimal factor	2.2

The risk-free rate was based on market yield rate from Hong Kong Monetary Authority Exchange Fund Bills Yield Curve as at the valuation date on 17 March 2014. Expected volatility was estimated by the average of historical daily volatilities of the comparable companies with similar business operation as at valuation date. Dividend yield was estimated by the trailing 12-month dividend payout of the Company divided by Company's closing share price as at the dividend declaration date.

On 3 July 2015, the Company granted 13,400,000 share options (the "second share option") to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme.

(1) All share options granted were at a subscription price of HK$4.07 per Share;

(2) All holders of share options might only exercise their options in the following manner:

    The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the Offer Date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the Offer Date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the Offer Date until the last day of the option period; and

(3) All outstanding or unexercised share options granted to the grantees shall lapse on 2 July 2025.

The estimated fair values of share options granted on 3 July 2015 were HK$25,864,188. These fair values were calculated using the Binomial Model. The inputs into the model are as follows:

Share price	HK$3.70
Exercise price	HK$4.07
Expected volatility	61.8%
Expected life	10 years
Risk-free interest rate	1.87%
Expected dividend yield	2.04%

The risk-free rate was based on the yield rate of the Hong Kong Government Bond with duration similar to the expected life of the share options. Expected volatility was estimated by the historical volatilities of the Company's share price. Expected dividend yield was estimated by the historical dividend payment record of the Company.

On 24 March 2016, the Company granted 109,411,600 share options (the "third share option") to certain eligible participants of the Group under the Share Option Scheme. Set out below were details of the outstanding share options granted under the Share Option Scheme.

(1) All share options granted were at a subscription price of HK$0.748 per Share;

(2) All holders of share options might only exercise their options in the following manner:

The share options will be vested in 3 tranches, i.e. the first 30% from the date immediately after the first anniversary of the Offer Date until the last day of the option period, the second 30% from the date immediately after the second anniversary of the Offer Date until the last day of the option period, the balance 40% from the date immediately after the third anniversary of the Offer Date until the last day of the option period; and

(3) All outstanding or unexercised share options granted to the grantees shall lapse on 23 March 2026.

The estimated fair values of share options granted on 24 March 2016 were HK$38,068,913. These fair values were calculated using the Binomial Model. The input into the model are as follows:

Share price	HK$0.7
Exercise price	HK$0.748
Expected volatility	61.5%
Expected life	10 years
Risk-free interest rate	1.36%
Expected dividend yield	1.8%

The risk-free rate was based on the yield rate of the Hong Kong Government Bond with duration similar to the expected life of the share options. Expected volatility was estimated based on the historical volatilities of the Company's share price. Expected dividend yield was estimated by the historical dividend payment record of the Company.

Set out below are details of movements of the outstanding share options granted under the Share Option Scheme during the year ended 31 March 2016:

	Number of share options							After the effective date of the share sub-division	
	Exercise price	Balance as at 1 April 2015	Exercised during the year	Granted during the year	Balance as at 31 March 2016	Date of grant of share options	Exercisable periods of share options	Adjusted number of share options *(Note 1)*	Adjusted exercise price *(Note 1)*
Executive Directors									
– Lau Ho Ming, Peter	HK$1	2,400,000	(720,000)	–	1,680,000	17 March 2014	17 March 2014 to 16 March 2024	6,720,000	HK$0.25
	HK$4.07	–	–	1,000,000	1,000,000	3 July 2015	3 July 2015 to 2 July 2025	4,000,000	HK$1.02
– Ng Kam Seng	HK$1	800,000	(240,000)	–	560,000	17 March 2014	17 March 2014 to 16 March 2024	2,240,000	HK$0.25
	HK$4.07	–	–	1,350,000	1,350,000	3 July 2015	3 July 2015 to 2 July 2025	5,400,000	HK$1.02
	HK$0.748	–	–	7,500,000	7,500,000	24 March 2016	24 March 2016 to 23 March 2026	7,500,000	HK$0.748
– Poon Pak Ki, Eric	HK$1	500,000	(150,000)	–	350,000	17 March 2014	17 March 2014 to 16 March 2024	1,400,000	HK$0.25
	HK$4.07	–	–	1,350,000	1,350,000	3 July 2015	3 July 2015 to 2 July 2025	5,400,000	HK$1.02
	HK$0.748	–	–	7,500,000	7,500,000	24 March 2016	24 March 2016 to 23 March 2026	7,500,000	HK$0.748
– Chu, Raymond *(Note 2)*	HK$1	240,000	(72,000)	–	168,000	17 March 2014	17 March 2014 to 16 March 2024	672,000	HK$0.25
	HK$0.748	–	–	12,847,800	12,847,800	24 March 2016	24 March 2016 to 23 March 2026	12,847,800	HK$0.748

	Number of share options							After the effective date of the share sub-division	
	Exercise price	Balance as at 1 April 2015	Exercised during the year	Granted during the year	Balance as at 31 March 2016	Date of grant of share options	Exercisable periods of share options	Adjusted number of share options *(Note 1)*	Adjusted exercise price *(Note 1)*
Non-executive Directors									
– Li Man Yee, Stella	HK$1	2,400,000	(720,000)	–	1,680,000	17 March 2014	17 March 2014 to 16 March 2024	6,720,000	HK$0.25
	HK$4.07	–	–	350,000	350,000	3 July 2015	3 July 2015 to 2 July 2025	1,400,000	HK$1.02
– Chu Sheng Yu, Lawrence *(Note 3)*	HK$1	240,000	(72,000)	–	168,000	17 March 2014	17 March 2014 to 16 March 2024	672,000	HK$0.25
– Wang Zhao *(Note 4)*	HK$4.07	–	–	350,000	350,000	3 July 2015	3 July 2015 to 2 July 2025	1,400,000	HK$1.02
Independent Non-executive Directors									
– Leung Po Wing, Bowen Joseph	HK$1	240,000	(72,000)	–	168,000	17 March 2014	17 March 2014 to 16 March 2024	672,000	HK$0.25
	HK$4.07	–	–	350,000	350,000	3 July 2015	3 July 2015 to 2 July 2025	1,400,000	HK$1.02
	HK$0.748	–	–	1,400,000	1,400,000	24 March 2016	24 March 2016 to 23 March 2026	1,400,000	HK$0.748
– Chan Siu Wing, Raymond	HK$1	240,000	(72,000)	–	168,000	17 March 2014	17 March 2014 to 16 March 2024	672,000	HK$0.25
	HK$4.07	–	–	350,000	350,000	3 July 2015	3 July 2015 to 2 July 2025	1,400,000	HK$1.02
	HK$0.748	–	–	1,400,000	1,400,000	24 March 2016	24 March 2016 to 23 March 2026	1,400,000	HK$0.748
– Wong Wah On, Edward *(Note 5)*	HK$0.748	–	–	1,400,000	1,400,000	24 March 2016	24 March 2016 to 23 March 2026	1,400,000	HK$0.748
Employee	HK$1	36,000	(36,000)	–	–	17 March 2014	17 March 2014 to 16 March 2024	–	–
Employees	HK$1	2,270,000	(681,000)	–	1,589,000	17 March 2014	17 March 2014 to 16 March 2019	6,356,000	HK$0.25
	HK$4.07	–	–	3,400,000	3,400,000	3 July 2015	3 July 2015 to 2 July 2025	13,600,000	HK$1.02
	HK$0.748	–	–	65,063,800	65,063,800	24 March 2016	24 March 2016 to 23 March 2026	65,063,800	HK$0.748
Consultants	HK$1	1,200,000	(360,000)	–	840,000	17 March 2014	17 March 2014 to 16 March 2024	3,360,000	HK$0.25
	HK$4.07	–	–	4,900,000	4,900,000	3 July 2015	3 July 2015 to 2 July 2025	19,600,000	HK$1.02
	HK$0.748	–	–	12,300,000	12,300,000	24 March 2016	24 March 2016 to 23 March 2026	12,300,000	HK$0.748
Total		10,566,000	(3,195,000)	122,811,600	130,182,600			192,495,600	

Notes:

1. Upon the share sub-division became effective on 13 January 2016, pro-rata adjustments have been made to the exercise price and the number of outstanding share options accordingly.

2. Mr. Chu, Raymond resigned as an Independent Non-executive Director of the Company on 6 July 2015 and was appointed as an Executive Director of the Company on 27 November 2015.

3. Mr. Chu Sheung Yue, Lawrence resigned as a Non-executive Director of the Company on 1 July 2015.

4. Mr. Wang Zhao resigned as a Non-executive Director of the Company on 27 November 2015.

5. Mr. Wong Wah On, Edward was appointed as an Independent Non-executive Director of the Company on 24 September 2015.

Equity settled share-based payment expenses comprise:

	Year ended 31 March	
	2016	2015
	HK$'000	*HK$'000*
Equity settled schemes to employees (including directors)	**8,278**	1,987
Equity settled schemes to eligible persons other than employees and directors	**4,540**	241
	12,818	2,228

Share options were granted to the consultants in light of their continuous contribution to the Group. The Group measured the fair value of services received from the consultants by reference to the fair value of those granted to eligible employees as management considers that the services provided by the consultants and employees are similar in nature.

The following share options were outstanding during the year:

	2016 Weighted average exercise price per share $	**2016** Number of options	2015 Weighted average exercise price per share $	2015 Number of options
At 1 April *(note 1)*	**1**	**10,566,000**	1	10,800,000
Granted on 3 July 2015 before the share sub-division *(note 1)*	**4.07**	**13,400,000**	–	–
Granted on 24 March 2016 after the share sub-division *(note 2)*	**0.748**	**109,411,600**	–	–
Exercised before the share sub-division *(note 1)*	**1**	**(3,195,000)**	–	–
Lapsed before the share sub-division *(note 1)*	**–**	**–**	1	(234,000)
Effect of share sub-division *(note 3)*	**–**	**62,313,000**	–	–
At 31 March	**0.75**	**192,495,600**	1	10,566,000

Notes:

(1) The numbers of shares and weighted average exercise price were presented as before the share sub-division.

(2) The numbers of shares and weighted average exercise price were presented as after the share sub-division.

(3) It represented the effects of adjustments made to the numbers of share options as a result of the share sub-division.

The weighted average share price at the date of exercise of options exercised during the year was HK$4.41 (before the share sub-division) (2015: Nil). The exercise price of share options outstanding at the end of the year ranged between HK$0.25 to HK$1.02 (after the share sub-division) and their weighted average remaining contractual life was 9.23 years (2015: 7.88 years).

Of the total number of share options outstanding as at 31 March 2016, 192,495,600 share options (after the share sub-division) had not vested and were not exercisable (31 March 2015: 7,371,000 share options had not vested and were not exercisable).

22. ACQUISITION OF SUBSIDIARIES

Year ended 31 March 2016

On 30 July 2015, the Group subscribed for new shares representing 10% of the enlarged issued share capital of CSL for a cash consideration of HK$20,000,000. On 19 August 2015, the Group entered into agreements with various vendors to acquire the remaining 90% of the issued share capital of CSL for a total consideration of HK$180,000,000 and the entire issued share capital of CAM for a total consideration of HK$4,000,000. CSL is principally engaged in securities brokerage, securities margin financing, provision of investment advisory, corporate finance advisory and asset management services, which are licensed activities under Securities and Future Commission ("SFC") of Hong Kong. CAM is principally engaged in the provision of investment advisory and asset management services, which are licensed activities under SFC of Hong Kong. The acquisitions were completed on 23 November 2015.

In accordance with the acquisitions, the purchase consideration comprised of: (i) cash of HK$37,636,364 and (ii) 5% interest bearing promissory notes with principal amount of HK$166,363,636 and a term of 18 months. The fair value of total consideration is as follows:

	HK$'000
Cash	37,636
Fair value of promissory notes	163,708
Total	201,344

Acquisition-related costs amounting to approximately HK$442,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated income statement.

The Group is principally engaged in two core business segments: toy manufacturing business and information technology business. The Directors believe that the Group, through the acquisitions, could enhance its existing business model and diversify its business scopes into higher growth areas.

The fair values of the identifiable assets and liabilities of CSL and CAM at date of acquisitions were as follows:

	CSL	**CAM**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Property, plant and equipment	1,444	–	1,444
Intangible assets	25	–	25
Trade and other receivables	8,568	–	8,568
Cash and cash equivalents	11,130	–	11,130
Trade and other payables	(4,148)	(46)	(4,194)
Tax payable	(181)	–	(181)
Deferred tax liabilities	(231)	–	(231)
Net assets/(liabilities) acquired	16,607	(46)	16,561

Goodwill arising on acquisitions:

	CSL	**CAM**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Consideration transferred	197,344	4,000	201,344
Less: net (assets)/liabilities acquired	(16,607)	46	(16,561)
Goodwill arising on the acquisitions	180,737	4,046	184,783

The fair value of trade and other receivables amounted to approximately HK$8,568,000. In the opinion of the Directors, no receivables is expected to be uncollectable.

Goodwill arising on the acquisitions is attributable to the anticipated profitability generated from the synergies, revenue growth and future market development of CSL and CAM.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash outflow on acquisitions of CSL and CAM was as follows:

	HK$'000
Cash consideration paid	37,636
Less: cash and cash equivalent balances acquired	(11,130)
Net cash outflow on acquisitions	26,506

Since the acquisitions, CSL and CAM contributed revenue of approximately HK$2,836,000 and net loss of approximately HK$15,065,000 to the Group for the period from 23 November 2015 to 31 March 2016. Had the combination taken place on 1 April 2015, the revenue and the net loss of the Group for the year ended 31 March 2016 would have been HK$775,536,000 and HK$105,781,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2015, nor intended to be a projection of future results.

The Group has engaged BMI Appraisals, an independent valuer, to assess the aggregate fair value of the identified assets and liabilities of CSL and CAM at the acquisition date.

Year ended 31 March 2015

On 17 December 2014, the Group acquired 100% of the issued share capital of PMT Group from an independent third party for consideration of HK$85,000,000. PMT Group is principally engaged in the provision of digital publishing and the development of mobile and web application solutions.

In accordance with the sale and purchase agreement, the consideration comprised of: (i) initial purchase of price of HK$7,000,000; (ii) 5% interest bearing promissory note with principal amount of HK$20,000,000 and a term of 18 months and (iii) interest-free bearing convertible note with principal amount of HK$58,000,000 and a term of 24 months. The fair value of total consideration is as follows:

	HK$'000
Cash	7,000
Fair value of promissory notes	19,809
Fair value of convertible notes	90,698
Total	117,507

Acquisition-related costs amounting to approximately HK$905,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses line item in the consolidated income statement.

The Group is principally engaged in toy manufacturing and trading business. The Directors believe that the Group, through the acquisition, could enhance its existing business model and diversify its business scopes into higher growth areas.

The fair values of net assets acquired at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	459
Intangible assets	87,900
Deposits	66
Cash and cash equivalents	2,030
Receipt in advance	(158)
Other payables and accruals	(1,380)
Amount due to shareholders	(8,000)
Tax payable	(69)
Deferred tax asset	(14,504)
	66,344
Less: non-controlling interests	(596)
Net assets acquired	65,748

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	117,507
Less: net assets acquired	(65,748)
Goodwill arising on the acquisition	51,759

Goodwill arising on the acquisition is attributable to the anticipated profitability generated from the synergies, revenue growth and future market development of PMT Group.

None of the goodwill arising on this acquisition is expected to be deductible for tax purposes.

Net cash outflow on acquisition of PMT Group

	HK$'000
Cash consideration paid	7,000
Less: cash and cash equivalent balances acquired	(2,030)
Net cash outflow on acquisition	4,970

Since its acquisition, PMT Group contributed revenue of HK$1,171,000 and net loss of HK$1,546,000 to the Group for the period from 17 December 2014 to 31 March 2015. Had the combination taken place on 1 April 2014, the revenue and the loss before income tax expense of the Group for the year ended 31 March 2015 would have been HK$830,979,000 and HK$2,640,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2014, nor intended to be a projection of future results.

The Group has engaged BMI Appraisals, an independent valuer, to assess the fair value of the assets and liabilities at the acquisition date.

23. DISPOSAL OF SUBSIDIARIES

On 27 November 2015, the Company, as vendor, entered into a sale and purchase agreement with Grandrich International Limited, as the purchaser, a related company, to dispose of the entire issued share capital of Victor Gold Investments Limited ("Victor Gold") at the consideration of HK$70,000,000. The transaction was completed on 31 March 2016.

Victor Gold is an investment holding company which indirectly holds (i) a property which includes certain workshop unit and car parking spaces in TML Tower in Tsuen Wan, Hong Kong, which the Group currently uses as its headquarters in Hong Kong; and (ii) Qualiman Technology & Products Company Limited which has been inactive since 1 April 2013.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	67,090
Cash and cash equivalents	580
Deposits	145
Other payables	(103)
Amounts due to fellow subsidiaries	(1,000)
Deferred tax asset	61
Tax payables	(76)
	66,697
Gain on disposal of subsidiaries	3,303
Total consideration satisfied by:	
Cash	70,000
Net cash inflow arising on disposal:	
Cash received	70,000
Cash and cash equivalents disposed of	(580)
Net cash inflow on disposal	69,420

DIVIDENDS

The Board does not recommend the payment of final dividend (2015: Nil) for the year ended 31 March 2016.

BUSINESS REVIEW

During the year under review, the Group has both made progress and suffered from setbacks in its business diversification strategies. The Group's toy OEM manufacturing business (the "Toy Division") continued to face a challenging global operating environment as global economic growth remained sluggish. Despite a difficult overall economic environment, the Toy Division's revenue performance remained relatively stable and continued to generate profit contribution to the Group. On the other hand, the Group's information technology business (the "IT Division"), as carried out through the PMT Group, suffered setbacks as several of its clients revised their business plans or postponed their product rollout schedules, leading to a rethink of the strategies of the IT Division and a write-off of a substantial portion of the Group's goodwill associated with the IT Division. On a brighter note, the Group successfully completed the acquisition of the Crosby Group, comprising Crosby Securities Limited ("CSL") and Crosby Asset Management (Hong Kong) Limited ("CAM") (the "Financial Services Division"), in November 2015 and further diversified the Group's major businesses into the provision of financial services. Following the completion, CSL participated in its first landmark transaction in the primary market by acting as a joint bookrunner and joint lead manager in the HK$7.4 billion initial public offering of the Bank of Tianjin Co., Ltd. on the Hong Kong Stock Exchange in March 2016. Crosby has been a long-standing brand in the Asian financial services industry with its root tracing back to its establishment in Hong Kong in 1984. The Group plans to develop the Crosby Group into a sizable comprehensive financial services platform that offers services including institutional securities brokerage, securities margin financing, asset management, principal finance and corporate finance. In this regard, the Group completed two equity fund raising exercises during the year in review and successfully raised net proceeds of approximately HK$241.7 million in aggregate, providing part of the capital required to pursue the expansion strategies of the Group in the Financial Services Division.

The Toy Division

The Toy Division operates as a toy manufacturer offering services primarily on an OEM basis. The Group manufactures products for its customers according to their specifications, and the products are sold by its customers under their own brand names. Same as in previous years, the Group's key customers mainly comprise internationally reputable toy brands. Headquartered in Hong Kong, the Group has a production base which is located in Foshan, Guangdong Province, the People's Republic of China ("PRC").

Aiming to provide the customers with one-stop development services, the Group offers its customers a wide spectrum of manufacturing services encompassing design, prototyping, mould making, product validation, multi-skilled manufacturing processes, general assembly and packaging. Equipped with multi-production lines and multi-disciplinary engineering experience, the Group is capable of manufacturing diversified product classes in its production operations with focus on toy products for infants aged 3 or below which require very stringent safety standards. The key manufacturing capabilities of the Group include plastics processing such as injection moulding, metal tube forming, electronic assembly such as printed circuit board assembly, sewing operation for handling different types of fabric products, decoration process such as silk-screen printing and spray coating.

For the year ended 31 March 2016 (the "Current Year"), the revenue of the Toy Division and its segment profit were HK$765.7 million and HK$32.4 million respectively, representing a decrease of 7.5% and an increase of 110.9%, respectively, over the year ended 31 March 2015 (the "Previous Year"). While the Toy Division managed to remain relatively stable in obtaining sales from its customers for the peak period of the production cycle, production environments remained challenging for the Toy Division as labour costs and material costs continued to increase, leading to a decrease in gross margin from 10.5% for the Previous Year to 10.1% for the Current Year.

During the Current Year, the Toy Division reached a settlement agreement with a customer to recover an impairment-loss on trade receivables of approximately HK$7.0 million when compared with a total impairment-loss on trade receivables of HK$12.0 million during the Previous Year.

In view of the stringent business environment facing the Toy Division, the Group will continue to focus on selected customers which can generate better margins, review and rationalise the current cost structure and control so as to generate better operational efficiency and profitability.

The IT Division

During the Current Year, the IT division remained to be led by the PMT Group. The digital publishing technologies of the PMT Group covered interactive electronic books and comics, the development of media-rich mobile games and content, and the provision of digital media design and project management services.

During the Current Year, revenue and segment loss for the IT Division were approximately HK$1.8 million and HK$62.5 million, respectively, inclusive of an impairment-loss on goodwill of HK$48.1 million. As a result of a negative change in the local economic environment in the Current Year, fierce competition for talents in the information technology industry and a general decrease in client demand for digital publishing and digital marketing campaign, the performance of the IT Division fell short of expectations and the original business outlook.

The Financial Services Division

The Group completed the acquisition of the Crosby Group in November 2015 and CSL was also admitted as a Participant of the Stock Exchange of Hong Kong in the same month, allowing the Crosby Group to commence its securities brokerage and securities margin financing businesses at the same time. During the year under review, the results of the Crosby Group were only consolidated to the Group's financial results since 23 November 2015, the date of completion of its acquisition by the Group. As a result of the relatively short consolidation period and the fact that CSL just commenced its securities brokerage business around the same time, the revenue and segment loss for the Financial Services Division were approximately HK$2.8 million and HK$15.1 million, respectively. The Financial Services Division also contributed fair value gains on financial assets through profit or loss of approximately HK$4.0 million during the Current Year.

FINANCIAL REVIEW

The Group's revenue for the Current Year amounted to approximately HK$770.4 million, which is a decrease of 7.1% from that for the Previous Year of approximately HK$829.0 million.

The Toy Division's revenue for the Current Year amounted to approximately HK$765.7 million, which represents a 7.5% decrease from that for the Previous Year of approximately HK$827.8 million. The modest decrease in revenue was due to a decrease in sales to some of the Toy Division's top 5 customers.

Revenue from North America decreased from approximately HK$433.8 million for the Previous Year to approximately HK$351.3 million for the Current Year, while revenue from Western Europe decreased from approximately HK$267.7 million for the Previous Year to approximately HK$245.5 million for the Current Year. Sales to customers in new developing regions, namely mainland China and Taiwan and Central America, Caribbean and Mexico, increased substantially from approximately HK$38.0 million for the Previous Year to approximately HK$67.2 million for the Current Year and from approximately HK$18.8 million for the Previous Year to approximately HK$32.5 million for the Current Year, respectively, representing an increase of 76.8% and 72.9% over the Previous Year, respectively.

The IT Division's revenue for the Current Year amounted to approximately HK$1.8 million when compared to approximately HK$1.2 million for the Previous Year. The moderate increase in revenue for the IT Division even though a longer period of business results was consolidated to the Group for the Current Year was mainly due to the downturn in the general local economic environment during the Current Year leading to potential clients either putting their digital marketing campaign on hold or scaling down their IT budgets.

The Financial Services Division's revenue for the Current Year amounted to approximately HK$2.8 million for the Current Year as the results of the Crosby Group were only consolidated into the Group's financial results for a relatively short period of time of less than 5 months since the completion of its acquisition by the Group on 23 November 2015.

The gross margin of the Toy Division dropped from approximately 10.5% for the Previous Year to approximately 10.1% for the Current Year, The Toy Division continued to face pressure on the operational running costs due to shortage of labour and increasing facilities running cost. Gross profit of the Group for the Current Year decreased by 8.0% to approximately HK$80.4 million from that of the Previous Year of approximately HK$87.3 million due to decrease in the Group's revenue and gross margins.

The Group's net loss for the Current Year amounted to approximately HK$77.6 million, as compared to a net loss of approximately HK$3.7 million for the Previous Year. Such increase in net loss was mainly due to an impairment loss on goodwill of the IT Division for the Current Year of approximately HK$48.1 million, additional consolidated net loss on Financial Services Division for the Current Year of approximately HK$15.1 million, loss on early redemption of promissory notes of approximately HK$1.2 million. Also, there include an increase in finance cost of approximately HK$ 6.4 million in aggregate arising from the convertible notes and promissory notes issued for the acquisition of the IT Division and Financial Services Division and an increase in staff costs arising from the equity settled share-based payment expenses related to the grant of share options for the Current Year of approximately HK$10.6 million. The above increase in losses and expenses were partially mitigated by the recovery of a doubtful debt on trade receivable written off in the Previous Year of approximately HK$7.0 million, a gain on disposal of subsidiaries of approximately HK$3.3 million and fair value gain on financial assets at fair value through profit or loss of approximately HK$4.0 million for the Current Year.

Selling expenses for the Toy Division mainly consisted of transportation fees and declaration fees. Selling expenses for the Toy Division decreased by 19.0% from approximately HK$23.1 million for the Previous Year to approximately HK$18.7 million for the Current Year due to an increase in transportation arranged by customers.

Administrative expenses mainly consisted of salaries to employees, rents and rates for office spaces, depreciation of property, plant and equipment, impairment loss on goodwill of the IT Division and other administrative expenses. Administrative expenses increased by 40.5% from approximately HK$68.0 million for the Previous Year to approximately HK$95.5 million for the Current Year which is primarily due to the increase in the number of staff after the acquisition of the IT Division and Financial Services Division, an increase in staff costs arising from the equity settled share-based payment expenses related to the grant of share options of approximately HK$10.6 million and the amortisation of intangible assets of the IT Division of approximately HK$6.3 million.

During the Current Year, the Group decided to make an impairment loss on goodwill arising from the PMT Group of about HK$48.1 million as a result of the relatively weak performance of the PMT Group in the past year. The PMT Group suffered setbacks in its business strategies as several of its key clients revised their business plans or postponed their product rollout schedules. On the other hand, the lack of quality talents in the local information technology industry also led to delays in further developments or diversification of its products in the face of changing market demands. The increasingly adverse local economic trends have also led to further cuts in information technology budgets of corporates in general, leading to a rethink of the strategies of the PMT Group towards a more cautious approach and a write-off of a substantial portion of the goodwill associated with it.

Other income and gains mainly consisted of moulding income, net gain/loss on derivative financial instruments, interest income from bank deposits and others. Other income and gains increased by 263.3% from approximately HK$5.4 million for the Previous Year to approximately HK$19.7 million for the Current Year which is primarily due to a recovery of trade receivables previously written off of approximately HK$7.0 million, a one-off gain on the disposal of subsidiaries of approximately HK$3.3 million, and fair value gain on financial assets at fair value through profit or loss of approximately HK$4.0 million during the Current Year.

Finance costs mainly consisted of interest on the Group's interest-bearing bank borrowings, factoring arrangement from banks and the effective interest of the promissory notes and the convertible notes issued by the Company. Finance costs increased by 116.1% for approximately HK$11.1 million for the Current Year when compared with approximately HK$5.1 million for the Previous Year, which is primarily due to the effective interest of the convertible note and promissory note issued by the Company in the Current Year of approximately HK$6.4 million.

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of the Group are domiciled and operated. The income tax expense increased by 49.6% to approximately HK$4.8 million for the Current Year, as compared with approximately HK$3.2 million for the Previous Year.

The inventory of the Group decreased by 18.3% to approximately HK$108.8 million as at 31 March 2016 from approximately HK$133.2 million as at 31 March 2015. The inventory turnover period, as calculated by dividing the average closing inventories by the cost of sales of the Toy Division for the period and multiplied by 365 days, decreased by 10.6% from 71.6 days for the Previous Year to 64.0 days arising from customers requisition for sooner delivery of products during the Current Year.

Trade receivables from the Toy Division and the IT Division as at 31 March 2016 decreased from HK$74.6 million at 31 March 2015 to HK$68.7 million at 31 March 2016, which was primarily due to a non-recourse factoring arrangement with some of the customers which transferred the credit risks of the corresponding trade receivables to the banks providing the factoring facilities. The trade receivables turnover days for the Toy Division and the IT Division, as calculated by dividing the averaging closing trade receivables by the revenues from the Toy Division and the IT Division for the Current Year multiplied by 365 days, was 34.1 days as compared with 22.6 days for the Previous Year.

With the commencement of the Group's Financial Services Division, trade receivables from the Financial Services Division as at 31 March 2016 amounted to HK$383.7 million, which mainly arose from dealing in securities on behalf of our cash clients. The settlement terms of accounts receivable arising from the Financial Services Division are typically one to two days after the trade date. All accounts receivable from cash clients were not past due at 31 March 2016.

Trade payables from the Toy Division and the IT Division as at 31 March 2016 decreased from approximately HK$44.6 million at 31 March 2015 to HK$26.8 million at 31 March 2016, which was primarily due to the decrease in purchases and costs of service incurred for the Current Year. The trade payables turnover days for the Toy Division and the IT Division, as calculated by dividing the averaging closing trade payables by the cost of sales from the Toy Division and the IT Division for the Current Year multiplied by 365 days, was 18.9 days as compared with 22.2 days for the Previous Year.

Trade payables from the Financial Services Division as at 31 March 2016 amounted to HK$380.3 million, which were mainly payable to cash clients or the clearing house for settlement of trades. The settlement terms for such trade payable attributable to dealing in securities are typically one to two days after the trade date.

LIQUIDITY AND FINANCIAL RESOURCES

Despite the relatively weak operating performance during the Current Year, the Group continued to maintain a prudent financial management approach toward its treasury policies and a healthy liquidity position during the Current Year. The Group strived to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

For the Current Year, the Group mainly financed its working capital by internal resources and bank borrowings. As at 31 March 2016, cash and cash equivalents amounted to approximately HK$221.6 million (31 March 2015: HK$67.2 million). The increase was mainly due to the cash from the proceeds of the placing of new shares on 14 December 2015 and the cash from the disposal of subsidiaries completed on 31 March 2016. Hence, the debt to equity ratio of the Group, calculated as the ratio of the closing debt balance divided by the closing total equity at end of Current Year, was approximately 49.1% (31 March 2015: 52.9%). As at 31 March 2016, all bank borrowings were subject to floating interest rates. The current ratio of the Group, as calculated by total current assets over total current liabilities, was approximately 1.44 (31 March 2015: 2.0).

SUBSCRIPTION OF NEW SHARES

On 22 July 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate of 30,000,000 new shares of the Company at the subscription price of HK$2.95 per subscription share for an aggregate consideration of HK$88,500,000. The subscription was completed on 28 July 2015.

Net proceeds of approximately HK$88.5 million raised from the subscription was intended to be used for general working capital of the Group, future development of the Group's businesses and/or other appropriate investments as may be identified by the Directors.

On 20 November 2015, the Company entered into subscription agreements with subscribers for the subscription of an aggregate of 40,500,000 new shares of the Company at the subscription price of HK$3.88 per subscription share for an aggregate consideration of HK$157,140,000. The subscription of 28,500,000 new shares and 12,000,000 new shares was completed on 3 December 2015 and 14 December 2015, respectively.

Net proceeds of approximately HK$153.2 million raised from the subscription was intended to be used for financing the repayment of the promissory notes issued for acquiring CSL, expansion of the Crosby Group's businesses and as general working capital.

PROMISSORY NOTES

On 23 November 2015, as part of the settlement of the consideration for the acquisition of all of the existing shares of CSL not already owned by the Company or any of its subsidiaries, the Company issued promissory notes with a total principal amount of approximately HK$166.4 million of which approximately HK$87.0 million in principal amount had already been repaid as of 31 March 2016.

The promissory notes are unsecured and bear interest at a fixed rate of 5% per annum and are repayable in 18 months from the date of issue.

CHARGE ON ASSETS

As at 31 March 2016, certain of the Group's banking facilities and its interest-bearing bank borrowings were secured by properties of the Group located in Hong Kong with an aggregate carrying amount of HK$6.2 million (31 March 2015: HK$68.1 million). Details of the securities for the banking facilities are stated in note 16 to the consolidated financial statements.

CONTINGENT LIABILITIES

As at 31 March 2016, the Group had no contingent liabilities (31 March 2015: Nil).

OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office premises and a quarter for certain Directors under operating lease arrangements for terms ranging from one to two years.

As at 31 March 2016, the total future minimum lease payments under non-cancellable operating leases due within one year and due in the second to fifth year inclusive amounted to approximately HK$7.5 million and HK$0.04 million respectively (31 March 2015: HK$0.1 million and Nil).

CAPITAL COMMITMENTS

As at 31 March 2016, there is no capital commitments of the Group (31 March 2015: Nil).

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 March 2016.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

Acquisition of the Crosby Group

On 30 July 2015, the Group subscribed for new shares representing 10% of the enlarged issued share capital of CSL for a cash consideration of HK$20.0 million. On 19 August 2015, the Group entered into agreements to acquire the remaining equity interest of CSL not already owned by the Group from various vendors, namely, Crosby Management Holdings Limited, Friendly Associates Group Limited, Wu Hoi Shan, Wu Siu Fai, Kimta Limited and Ultimate Advice Investments Limited (the "CSL Vendor"), for a total consideration of HK$180.0 million (the "CSL Transaction"), inclusive of cash consideration of HK$13.6 million to Kimta Limited and Ultimate Advice Investments Limited ("Group B CSL Vendor"), and the issue of promissory notes of HK$166.4 million in aggregate to Crosby Management Holdings Limited, Friendly Associates Group Limited, Wu Hoi Shan and Wu Siu Fai ("Group A CSL Vendor"). Besides, the Group also acquired the entire issued share capital of CAM from its vendors, namely, Crosby Asset Management (Holdings) Limited and Crosby Asset Management (Asia) Limited (the "CAM Vendor") for a total cash consideration of

HK$4.0 million (the "CAM Transaction"). The cash consideration to be paid to the Group B CSL Vendors and CAM Vendors at completion was financed by the net proceeds received by the Company from the subscription of new shares as set out in the announcement of the Company dated 22 July 2015. Upon the completion of the CSL Transaction and the CAM Transaction on 23 November 2015, CSL and CAM became indirect, wholly-owned subsidiaries of the Company. The Crosby Group is principally engaged in the business of securities brokerage, securities margin financing, investment advisory, corporate finance advisory and asset management services.

Save as disclosed otherwise, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the year ended 31 March 2016.

Disposal of Victor Gold Investments Limited

On 27 November 2015, the Company signed a sale and purchase agreement with Grandrich International Limited ("Purchaser"), being a company owned as to 50% by Mr. Lau Ho Ming, Peter, the Executive Chairman and a controlling shareholder of the Company, and 50% by Madam Li Man Yee, Stella, a non-executive Director and a controlling shareholder of the Company and the spouse of Mr. Peter Lau, for the disposal of entire issued share capital of a wholly owned subsidiary of the Group, Victor Gold Investments Limited ("Victor Gold"), to the Purchaser for a total consideration of HK$70.0 million (the "Victor Gold Disposal"). The total consideration consisted of direct cash settlement to the Company of which approximately HK$23.1 million was used for repayment of the then existing liabilities of Victor Gold and its subsidiaries in form of a mortgage loan secured by the property owned by Gold Prospect Capital Resources Limited, a wholly-owned subsidiary of Victor Gold. Victor Gold is an investment holding company which indirectly holds (i) the property which the Group currently uses as its headquarters in Hong Kong; and (ii) Qualiman Technology & Products Company Limited which used to be engaged in the Group's business of trading and manufacture of toy products but is no longer in active business since 1 April 2013. The Victor Gold Disposal was aimed to strengthen the liquidity of the Group by monetizing the value of the property and hence freeing up capital locked up in non-core fixed assets. Furthermore, with the inactive status of Qualiman Technology & Products Company Limited and its immediate holding company, New Splendid Developments Limited, being held by Victor Gold, the Victor Gold Disposal allowed the Group to remove further ongoing maintenance and potential liquidation costs for these inactive vehicles and streamline the Group's structure.

An ordinary resolution was passed on 12 January 2016 in the Extraordinary General Meeting for approving the Victor Gold Disposal and completion took place on 31 March 2016.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2016, the Group did not have any plans to acquire any material investments or capital assets other than those set out in the announcement.

FOREIGN CURRENCY EXPOSURES

Substantially all the transactions of the Company's subsidiaries in Hong Kong are carried out in United States dollar ("US$") and Hong Kong dollar ("HK$"). As HK$ is linked to US$, the Group does not have material exchange rate risk on such currency. The expenses or expenditures incurred in the operations of the Group's subsidiary in the PRC were denominated in Renminbi ("RMB") which expose the Group to foreign currency risk. The Group entered into deliverable forward contracts ("DF") to manage the foreign currency risk arising from fluctuation in exchange rate of the RMB against the US$.

As at 31 March 2016, the Group had no outstanding DF (31 March 2015: notional amount of US$25 million). The Group implemented a foreign currency forward contract policy in relation to the foreign currency contracts for the year. The Group performed cash flow analysis, ongoing monitoring and review of the foreign currency forward contracts on a monthly basis in accordance with the Group's risk management policy. Foreign exchange exposure reports were presented to the Board for review on a quarterly basis. The foreign currency forward contract policy was also reviewed by the Board to ensure it remains consistent with the overall objectives of our Group and the current financial trends in the market.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2016, the Group had a total of 520 (31 March 2015: 501). Total staff costs were approximately HK$72.8 million for the year ended 31 March 2016 (2015: HK$53.6 million).

Remuneration policies in respect of the Directors and senior management of the Group are reviewed regularly by the Remuneration Committee and the Directors, respectively. Remuneration packages of the Group were determined with reference to its remuneration policy based on position, duties and performance of the employees. Employees' remuneration varies according to their positions, which may include salary, overtime allowance, bonus and various subsidies. The performance appraisal cycle varies according to the positions of the employees. Performance appraisal of staff is conducted annually. The performance appraisal is supervised by respective executive Directors of the Group. Staff employed by a subsidiary established in the PRC are also provided with pension funds, medical insurance, unemployment insurance and other relevant insurance in accordance with the prevailing regulatory requirements of the PRC. The Company also adopted a share option scheme for the purpose of rewarding eligible participants for their contribution to the Group.

PROSPECTS

The Group's existing operations in the Toy Division are expected to continue to face substantial challenges in the coming year in the face of a global economic slowdown coupled with increasing political uncertainties in both America and Europe. The Directors expect that the Toy Division will continue to face pressures in maintaining its gross margins and sales volume as consumer spending sentiment in the western developed markets continue to remain muted. The labour shortage problem in China has not shown any significant improvements and labour costs will continue to put pressure on the Group's cost structure in the Toy Division. It is envisaged the Group will seek to further trim down its cost structures in the Toy Division in the coming year, including exploring the possibility of removing some permanent cost structures or disposal of non-performing assets. The Group will continue to seek ways to focus on credit-worthy clients which generate more stable margins for the Group and improve efficiency through automation and outsourcing. The management of the Toy Division will continue to use their best endeavours to maintain and improve the financial performance of the Toy Division in the coming year in spite of a difficult macro environment. The Group will pursue a similar strategy in its IT Division to tightly control its cost structure while seeking to adapt its products to changing market demands in order to expand its revenue sources.

Going forward, with the commencement of the Group's Financial Services Division last year, the Group is in a good position to capture the opportunities emerging from the interconnectivity of stock markets and financial products in China and Hong Kong, coupled with the continuing active primary markets in Hong Kong. The Crosby Group has a team which has deep expertise in the global financial markets and strong access to clients and corporates in the PRC market, and it hopes to participate in more primary market transactions similar to the initial public offering of The Bank of Tianjin Co., Ltd. during the year under review. The Directors believe that the prospects of the financial services in the Greater China markets are optimistic and view them as one of the Group's core businesses going forward.

PURCHASE, SALE OF REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company adopted the Corporate Governance Code set out in Appendix 14 (the "Code") of the Listing Rules as its own code of corporate governance practice. Throughout the financial year ended 31 March 2016, the Company has complied with all applicable code provisions under the Code with the exception discussed herein below.

Code A.2.1

Pursuant to the code provision, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The post of chief executive officer of the Group ("CEO") has been vacant since the redesignation of Mr. Lau Ho Ming, Peter as the Chairman of the Company with effect from 25 November 2013. Mr. Lau ceased to act as the CEO since then. The role of chief executive has been borne by all executive Directors to ensure a balance of power and responsibilities has been maintained.

Code A.6.7

Pursuant to the code provision A.6.7 of the Code stipulates that the non-executive Directors should attend general meetings and develop a balanced understanding of the views of the Shareholders. Mr. Wang Zhao was unable to attend the annual general meeting of the Company held on 28 August 2015 as he had other business engagement.

Rule 3.10(1) and 3.21

Pursuant to Rule 3.10 of the Listing Rules, every board of directors of a listed issuer must include at least three independent non-executive directors and where at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The audit committee of a listed issuer must comprise a minimum of three members under Rule 3.21 of the Listing Rules.

Upon the resignation of Mr. Chu, Raymond as an independent non-executive Director on 6 July 2015, the Board comprised seven members with three executive Directors, two non-executive Directors and two independent non-executive Directors. As a result, the number of independent non-executive Directors of the Board was reduced to two which was below the minimum number under Rule 3.10 of the Listing Rules. The number of members of the audit committee of the Company was reduced to two which was below the minimum number under Rule 3.21 of the Listing Rules.

Upon the appointment of Mr. Wong Wah On, Edward on 24 September 2015 as an independent non-executive Director and a member of the audit committee of the Company, the number of independent non-executive Directors and members of the audit committee of the Company resumed to three and Rule 3.10 and Rule 3.21 of the Listing Rules were fully complied with.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and members of the audit committee. Having made specific enquiries of all Directors, each Director has complied with the required standard set out in the Model Code during the year and up to the date of this announcement.

SCOPE OF WORK OF AUDITORS

The financial figures in this announcement have been agreed by the Company's auditor, BDO Limited ("Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 March 2016. The work performed by Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by Auditors on this announcement.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board (the "Audit Committee") reviewed the consolidated financial statements for the year ended 31 March 2016 in conjunction with the Auditors. Based on the review and discussions with management, the Audit Committee was satisfied that the consolidated financial statements were prepared in accordance with applicable accounting standards, and fairly presented the Group's financial position and results for the year ended 31 March 2016.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Hong Kong Exchanges and Clearing Limited and the Company at www.hkexnews.hk and www.quali-smart.com.hk respectively. The 2016 Annual Report of the Company containing all information required by the Listing Rules will be published on the above websites and dispatched to the shareholders of the Company on or about 28 July 2016.

By Order of the Board
Quali-Smart Holdings Limited
Lau Ho Ming, Peter
Executive Chairman

Hong Kong, 30 June 2016

As at the date of this announcement, the Board comprises Mr. Lau Ho Ming, Peter (Executive Chairman), Mr. Poon Pak Ki, Eric, Mr. Ng Kam Seng and Mr. Chu, Raymond as executive Directors; Madam Li Man Yee, Stella as non-executive Director; and Mr. Leung Po Wing, Bowen Joseph GBS, JP, Mr. Chan Siu Wing, Raymond and Mr. Wong Wah On, Edward as independent non-executive Directors.