HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015 AND APPOINTMENT OF CHAIRMEN OF AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

FINANCIAL RESULTS

The Boards of Directors (the "Board") of Heritage International Holdings Limited (the "Company") announced that the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2015 together with the comparative figures for the corresponding period in the prior year are as follow:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 HK$'000	2014 HK$'000 (restated)
Continuing operations			
REVENUE	5	**3,797**	12,004
Other income		**167**	381
Loss arising from changes in fair value less costs of disposal of biological assets		**(9,936)**	–
Impairment loss on property, plant and equipment		**–**	(6,654)
Impairment loss on goodwill	12	**(42,552)**	(3,720)
Losses arising from changes in fair value of investment properties, net		**–**	(2,150)
Fair value gains on investments at fair value through profit or loss, net	6	**33,907**	385,433
Fair value gains on conversion options embedded in a convertible bond		**–**	331
Loss on disposal of subsidiaries		**(1,455)**	(500)
Employee benefit expenses		**(9,502)**	(9,198)
Equity-settled share-based payment expenses		**(40,150)**	–
Depreciation		**(1,683)**	(4,521)
Amortisation			
• prepaid lease payments		**(1,075)**	(1,066)
• intangible assets		**(16,377)**	(16,364)
Minimum lease payments under operating leases in respect of land and buildings		**(6,170)**	(5,325)
Other expenses		**(10,143)**	(26,021)
Finance costs	7	**(1,561)**	(39,083)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	**(102,733)**	283,547
Income tax credit	8	**1,298**	4,091
(LOSS)/PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**(101,435)**	287,638
Discontinued operation			
Loss for the year from discontinued operation	9	**(27,292)**	(6,613)
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(128,727)**	281,025
(LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY			
From continuing and discontinued operations			
Basic and diluted	10	**HK(0.76) cents**	HK1.76 cents
From continuing operations			
Basic and diluted	10	**HK(0.60) cents**	HK1.80 cents
From discontinued operation			
Basic and diluted	10	**HK(0.16) cents**	HK(0.04) cents

Details of dividend payable to owners of the Company are set out in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2015

	2015	2014
	HK$'000	*HK$'000*
(LOSS)/PROFIT FOR THE YEAR	**(128,727)**	281,025
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of financial statements of foreign operations	**630**	(3,328)
Available-for-sale investments:		
Reclassification adjustments for gains included in the consolidated income statement upon disposal of a subsidiary	**(154)**	–
Changes in fair value of available-for-sale investments	**100**	54
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**576**	(3,274)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(128,151)**	277,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Note	**2015** **HK$'000**	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,455**	69,731
Prepaid lease payments		**43,776**	44,807
Intangible assets	12	**789,709**	847,954
Biological assets		**61,242**	70,737
Deposits paid for purchases of items of property, plant and equipment		**–**	1,423
Available-for-sale investments		**4,600**	17,606
Conversion options embedded in a convertible bond		**–**	2,379
Deposits		**–**	700
Investments at fair value through profit or loss		**340,800**	112,800
Total non-current assets		**1,242,582**	1,168,137
CURRENT ASSETS			
Inventories		**–**	172
Loans receivable	13	**45,000**	30,000
Investments at fair value through profit or loss		**337,067**	514,502
Derivative financial instruments		**–**	19,763
Tax recoverable		**–**	38
Prepayments, deposits and other receivables		**15,269**	2,792
Cash and cash equivalents		**4,331**	6,122
Total current assets		**401,667**	573,389
CURRENT LIABILITIES			
Other payables and accruals		**2,713**	4,731
Tax payable		**432**	–
Borrowings		**10,503**	25,533
Total current liabilities		**13,648**	30,264
NET CURRENT ASSETS		**388,019**	543,125
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,630,601**	1,711,262
NON-CURRENT LIABILITIES			
Borrowings		**18,813**	9,300
Deferred tax liabilities		**190,715**	192,888
Total non-current liabilities		**209,528**	202,188
Net assets		**1,421,073**	1,509,074
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**4,236**	2,824
Reserves		**1,416,837**	1,506,250
Total equity		**1,421,073**	1,509,074

Notes:

1. CORPORATE INFORMATION

Heritage International Holdings Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong, respectively.

The Company acts as an investment holding company and its subsidiaries (together with the Company, collectively referred to as the "Group") involves in property investment, investments in securities, money lending, investment holding and management of the forestland (the "Forestlands").

On 5 November 2014, Power Global Limited ("Power Global"), a wholly owned subsidiary of the Company, and High Rhine Limited ("High Rhine") entered into a sale and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire interest in Apex Corporate Investments Limited ("Apex", together with its subsidiaries collectively referred to as "Apex Group") together with assignment of outstanding shareholder loan advanced by the Company to Apex Group, for a consideration of HK$500,000. The transaction was completed on 20 November 2014. Apex Group principally involved in Chinese medicine clinic operation. Upon the completion, the Group discontinued Chinese medicine clinic operation and Apex Group was deconsolidated. For the presentation of the consolidated financial statements for the year ended 31 March 2015 and 2014, Chinese medicine clinic operation was regarded as "discontinued operation". Details are set out in note 9.

The consolidated financial statements are presented in Hong Kong dollar ("HKD"), which is the same as the functional currency of the Company, and all values are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Companies Ordinance, which for this financial year and the comparative period, as permitted by the Listing Rules, continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32).

The consolidated financial statements have been prepared under the historical cost basis, except for available-for-sale investments, conversion options embedded in a convertible bond, biological assets, derivative financial instruments and investments at fair value through profit or loss, which have been measured at fair values or fair values less costs of disposal, as appropriate.

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

Basis of consolidation

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

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following new and revised amendments and interpretation ("new and revised HKFRSs") issued by the HKICPA which have become effective for the accounting period beginning on or after 1 April 2014.

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HK(IFRIC) – Int 21	Levies

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

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

The Group has applied the amendments to HKAS 36 "Recoverable Amount Disclosures for Non-Financial Assets" for the first time in the current year. The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosures required by HKFRS 13 "Fair Value Measurements".

The application of these amendments will only extend the disclosures in relation to impairment of goodwill of the Group and does not have any material impact on the amounts recognised in the consolidated financial statements in current and prior years.

The Group has not early applied the following new standards and amendments that have been issued but are not yet effective in these financial statements:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle [6]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle [4]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012 – 2014 Cycle [5]
HKFRS 9	Financial Instruments [1]
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operations [5]
HKFRS 14	Regulatory Deferral Accounts [2]
HKFRS 15	Revenue from Contracts with Customers [3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation [5]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants [5]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions [4]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements [5]
HKAS 28 and HKFRS 10 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [5]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

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

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

6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described as follows:

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

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

- In relation to the impairment of financial assets, HKFRS 9 permits an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

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

HKFRS 15 "Revenue from Contracts from Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 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 or services. Specifically, HKFRS 15 introduces a five-step 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 the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 41 "Agriculture: Bearer Plants"

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41. The directors of the Company are in the progress to evaluate the impact upon the adoption of the amendments on 1 April 2016.

Amendments to HKFRSs "Annual Improvements to HKFRSs 2010 – 2012 Cycle"

The amendment issued in January 2014 sets out amendments to a number of HKFRSs. The Group expects to adopt the amendments from 1 April 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 "Operating Segments" clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

The disclosure requirements of the new Hong Kong Companies Ordinance relating to the preparation of financial statements

The Listing Rules requiring the financial statements disclosures with reference to the new Hong Kong Companies Ordinance, Cap. 622 (the "New Companies Ordinance") will first apply to the Company in its financial year ending on 31 March 2016.

The directors of the Company consider that there will be no material impact on the Group's financial position or performance, however, the New Companies Ordinance would have impacts on the presentation and disclosures in the consolidated financial statements. The statement of financial position of the Company will be presented in the notes rather than a separate statement and certain related notes need not be included.

4. OPERATING SEGMENT INFORMATION

The Group determines its operating segments based on the reports that are used to make strategic decisions reviewed by the chief operating decision maker ("CODM"). For the year ended 31 March 2015, the Group had five reportable operating segments from continuing operations. Details are as follows:

(i) the property investment segment engages primarily in the investments in properties for rental income potential and/or appreciation in values;

(ii) the investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;

(iii) the money lending segment engages primarily in money lending operations in Hong Kong;

(iv) the investment holding segment engages primarily in investment holding for a continuing strategic or long term purpose, primarily for dividend income and capital appreciation; and

(v) the management of the Forestlands segment engages primarily in management of the Forestlands located in Qinglong Manchu Autonomous County ("Qinglong") of the People's Republic of China (the "PRC").

In the current year, the Group's Chinese medicine clinic operation in Hong Kong was discontinued. The segment information reported does not include any amounts for the discontinued operation, which are described in more detail in note 9.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted (loss)/profit before tax from continuing operations. The adjusted (loss)/profit before tax from continuing operations is measured consistently with the Group's (loss)/profit before tax from continuing operations except that unallocated finance costs and unallocated expenses are excluded from such measurement.

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

- all assets are allocated to reportable segments other than tax recoverable and unallocated corporate assets. Goodwill is allocated to the management of the Forestlands segment as described in note 12; and

- all liabilities are allocated to reportable segments other than current and deferred tax liabilities, and unallocated corporate liabilities.

	Property investment		Investments in securities		Money lending		Investment holding		Management of the Forestlands		Consolidated	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Segment revenue:												
Revenue from external customers	**1,020**	2,157	**1,397**	3,563	**1,380**	6,284	**–**	–	**–**	–	**3,797**	12,004
Other income	**–**	–	**–**	372	**–**	–	**–**	5	**167**	4	**167**	381
Total	**1,020**	2,157	**1,397**	3,935	**1,380**	6,284	**–**	5	**167**	4	**3,964**	12,385
Segment results	**1,270**	(2,857)	**28,387**	387,203	**1,318**	2,092	**538**	(10)	**(75,080)**	(25,993)	**(43,567)**	360,435
Reconciliation:												
Impairment loss on property, plant and equipment, unallocated											**–**	(6,654)
Unallocated finance costs											**(1,318)**	(37,592)
Equity-settled share-based payment expenses											**(40,150)**	–
Unallocated expenses											**(17,698)**	(32,642)
Profit/(loss) before tax from continuing operations											**(102,733)**	283,547
Other segment information:												
Finance costs – allocated	**(166)**	(125)	**(77)**	(1,366)	**–**	–	**–**	–	**–**	–	**(243)**	(1,491)
Finance costs – unallocated											**(1,318)**	(37,592)
											(1,561)	(39,083)
Depreciation – allocated	**–**	–	**–**	–	**–**	–	**–**	–	**(275)**	(214)	**(275)**	(214)
Depreciation – unallocated											**(1,408)**	(4,307)
											(1,683)	(4,521)
Amortisation	**–**	–	**–**	–	**–**	–	**–**	–	**(17,452)**	(17,430)	**(17,452)**	(17,430)
Impairment loss on goodwill	**–**	–	**–**	–	**–**	–	**–**	–	**(42,552)**	(3,720)	**(42,552)**	(3,720)
(Loss)/gain on disposal of subsidiaries	**3,627**	(500)	**(5,632)**	–	**90**	–	**460**	–	**–**	–	**(1,455)**	(500)
Losses arising from changes in fair value of investment properties, net	**–**	(2,150)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(2,150)
Loss arising from changes in fair value less costs of disposal of biological assets	**–**	–	**–**	–	**–**	–	**–**	–	**(9,936)**	–	**(9,936)**	–
Fair value gains on investments at fair value through profit or loss, net	**–**	–	**33,907**	385,433	**–**	–	**–**	–	**–**	–	**33,907**	385,433
Fair value gain on conversion options embedded in a convertible bond	**–**	–	**–**	331	**–**	–	**–**	–	**–**	–	**–**	331
Impairment of loans receivable	**–**	–	**–**	–	**–**	(3,600)	**–**	–	**–**	–	**–**	(3,600)
Capital expenditure – allocated*	**–**	–	**–**	–	**–**	–	**–**	–	**25**	447	**25**	447
Capital expenditure – unallocated*											**976**	444
											1,001	891

* *Capital expenditure consists of additions to property, plant and equipment.*

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

	2015	2014
	HK$'000	*HK$'000*
Segment assets:		
Property investment	–	–
Investment in securities	**346,492**	530,033
Money lending	**46,025**	30,133
Investment holding	**340,800**	112,800
Management of the Forestlands	**900,028**	973,242
	1,633,345	1,646,208
Chinese medicine clinic (now discontinued)	–	25,078
Tax recoverable	–	38
Unallocated assets	**10,904**	70,202
Total assets	**1,644,249**	1,741,526
Segment liabilities:		
Property investment	–	–
Investment in securities	**9,520**	100
Money lending	–	–
Investment holding	–	–
Management of the Forestlands	**62**	101
	9,582	201
Chinese medicine clinic (now discontinued)	–	78
Deferred tax liabilities	**190,715**	192,888
Tax payable	**432**	–
Unallocated liabilities	**22,447**	39,285
Total liabilities	**223,176**	232,452

Revenue from external customers

The Group's revenue is substantially derived from its external customers in Hong Kong.

Geographical information

The Group's operations are mainly located in Hong Kong and other parts of the PRC. All segments are carried out in Hong Kong except for the management of the Forestlands that is carried out in other parts of the PRC. The geographical location of the non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, prepaid lease payments, favourable lease asset included in intangible assets and biological assets, and the location of the operation to which they are allocated, in the case of goodwill included in intangible assets, deposits paid for purchase of items of property, plant and equipment, and deposits other than those classified as financial assets. The information about the Group's non-current assets by geographical location of the assets is set out below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**1,512**	68,539
Other parts of the PRC	**895,670**	966,113
	897,182	1,034,652

Note: Non-current assets exclude available-for-sale investments, conversion options embedded in a convertible bond, investments at fair value through profit or loss, loans receivable and financial assets included in deposits.

5. REVENUE

Revenue, which is also the Group's turnover, represents gross rental income received and receivable; interest income from money lending operations; interest income from a convertible bond; and dividend from investments at fair value through profit or loss earned during the year.

An analysis of revenue from continuing operations is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Gross rental income	**1,020**	2,157
Interest income from money lending operations	**1,380**	6,284
Interest income from a convertible bond	**375**	72
Dividend income from investments at fair value through profit or loss	**1,022**	3,491
	3,797	12,004

6. (LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's (loss)/profit before tax from continuing operations is arrived at after charging/(crediting):

	2015	2014
	HK$'000	*HK$'000*
		(restated)
Auditors' remuneration:		
– audit services	**830**	1,050
– non-audit services	**125**	200
Employee benefit expenses:		
Directors' remuneration:		
– Fee	**410**	480
– Salaries and allowances excluding an estimated value of a director's quarter plus the related charges borne by the Group totaling HK$720,000 (2014: HK$2,088,000) and equity-settled share-based payment expenses of HK$40,150,000 (2014: Nil)	**4,169**	5,270
– Retirement benefit scheme contributions (defined contribution scheme)*	**48**	56
	4,627	5,806
Other staff's costs:		
– Salaries and allowances	**4,602**	3,272
– Retirement benefit scheme contributions (defined contribution scheme)*	**176**	120
– Termination benefits	**97**	–
	4,875	3,392
Total employee benefit expenses	**9,502**	9,198
Sales proceeds from disposal of trading securities	**(240,102)**	(194,371)
Cost of trading securities	**247,927**	175,396
Realised losses/(gains)	**7,825**	(18,975)
Unrealised gains from investments at fair value through profit or loss	**(41,732)**	(366,458)
Fair value gains on investments at fair value through profit or loss, net	**(33,907)**	(385,433)
Impairment loss of loans receivable	**–**	3,600
Net foreign exchange loss	**16**	184
Gross rental income from investment properties	**–**	(141)
Less: direct operating expenses arising on rental-earning investment properties	**–**	12
	–	(129)
Direct operating expenses arising on non-rental-earning investment properties	**–**	128

* At 31 March 2015, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years (2014: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years *(note)*	**166**	565
Interest on margin and other loans	**387**	1,366
Amortised interest on bonds	**1,008**	37,152
	1,561	39,083

Note:

The Group's bank borrowings containing an on-demand clause had been classified as current liabilities. For the purpose of the above disclosure, the interest on such borrowings is disclosed as "Interest on bank borrowings wholly repayable within five years".

8. INCOME TAX CREDIT

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2015. No provision for current Hong Kong profits tax had been made for the year ended 31 March 2014 as the Group did not generate any assessable profits arising in Hong Kong during the year.

No provision for PRC Enterprise Income Tax has been made as the Group did not generate any assessable profits arising in the PRC during the year ended 31 March 2015 (2014: Nil).

	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**(432)**	–
Deferred tax credit	**1,730**	4,091
Total income tax credit recognised in profit or loss	**1,298**	4,091

The income tax credit for the year can be reconciled to (loss)/profit before tax from continuing operations per the consolidated income statement as follows:

	2015	2014
	HK$'000	*HK$'000*
		(restated)
(Loss)/profit before tax from continuing operations	**(102,733)**	283,547
Income tax (credit)/expense at domestic tax rate of 16.5%	**(16,950)**	46,786
Tax effect of income not taxable for tax purpose	**(405)**	(1,416)
Tax effect of expenses not deductible for tax purpose	**16,892**	11,288
Utilisation of tax losses not recognised in previous periods	**(691)**	(62,889)
Tax effect of tax losses not recognised	**1,748**	3,343
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(2,237)**	(1,391)
Others	**345**	188
Income tax credit recognised in profit or loss	**(1,298)**	(4,091)

The domestic tax rate in Hong Kong is used for 2015 and 2014 reconciliations above as it is where the operation of the Group is substantially based.

9. DISCONTINUED OPERATIONS

On 5 November 2014, Power Global and High Rhine entered into a sales and purchase agreement, pursuant to which Power Global agreed to sell and High Rhine agreed to purchase the entire share capital of Apex together with the assignment of the outstanding shareholder loan advanced by the Company to Apex Group, for a consideration of HK$500,000. The transaction was completed on 20 November 2014.

Apex Group principally involved in Chinese medicine clinic operation, the results of which are classified as discontinued operation and are set out below. The comparative loss has been re-presented to include the operation classified as discontinued in the current year.

	Note	2015 HK$'000	2014 HK$'000
Loss for the year from discontinued operation			
REVENUE		**1,292**	2,480
Changes in inventories and consumables used		**(273)**	(474)
Fair value (loss)/gains on derivative financial instruments		**(19,763)**	1,972
Employee benefit expenses		**(1,375)**	(2,467)
Depreciation		**(868)**	(1,945)
Minimum lease payments under operating leases in respect of land and buildings		**(1,807)**	(4,200)
Loss on disposal of property, plant and equipment		**(3,102)**	–
Loss on disposal of subsidiaries	14	**(398)**	–
Other expenses		**(998)**	(1,979)
Loss for the year from discontinued operation		**(27,292)**	(6,613)

Loss for the year from discontinued operation is arrived at after charging:

	2015 HK$'000	2014 HK$'000
Auditors' remuneration:		
– audit services	**–**	280
Cost of inventories sold and consumables used	**273**	474
Employee benefit expenses:		
Other staff's costs:		
– Salaries and allowances	**1,164**	2,353
– Retirement benefit scheme contributions (defined contribution scheme)	**60**	114
Termination benefits	**151**	–
Total employee benefit expenses	**1,375**	2,467
Cash flows from discontinued operation		
Net cash outflows from operating activities	**(2,446)**	(7,028)
Net cash outflows from investing activities	**(283)**	–
Net cash outflows	**(2,729)**	(7,028)
Other segment information		
Capital expenditure	**437**	–

10. (LOSS)/EARNINGS PER SHARE FOR (LOSS)/PROFITS ATTRIBUTABLE TO OWNERS OF THE COMPANY

From continuing operations

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

(Loss)/earnings from continuing operations

	2015	2014
	HK$'000	*HK$'000*
(Loss)/earnings for the year attributable to owners of the Company	**(128,727)**	281,025
Add: loss for the year attributable to owners of the Company from discontinued operation	**27,292**	6,613
(Loss)/earnings for the purposes of basic and diluted earnings per share from continuing operations	**(101,435)**	287,638

Number of shares

	2015	2014
	'000	'000
		(restated)
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**16,943,718**	16,002,676
Basic and diluted (loss)/earnings per share (in HK cents)	**(0.60)**	1.80

For the year ended 31 March 2015, diluted loss per share is the same as the basic loss per share as the outstanding share options of the Company were anti-dilutive. For the year ended 31 March 2014, diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the year.

The basic and diluted (loss)/earnings per share for the prior year has been adjusted to reflect the bonus issue and share sub-division during the year.

From discontinued operations

Basic and diluted loss per share for the discontinued operation is HK0.16 cents (2014: HK0.04 cents), based on the loss for the year attributable to owners of the Company from discontinued operation of approximately HK$27,292,000 (2014: HK$6,613,000) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

11. DIVIDENDS

No dividend was paid or proposed for the year ended 31 March 2015 (2014: Nil), nor has any dividend been proposed since the end of the reporting period.

12. INTANGIBLE ASSETS

	Favourable lease asset	Goodwill	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2013	–	–	–
Acquisition of subsidiaries	722,900	148,635	871,535
Amortisation during the year	(16,364)	–	(16,364)
Impairment loss for the year	–	(3,720)	(3,720)
Exchange realignment	(2,901)	(596)	(3,497)
At 31 March 2014 and 1 April 2014	703,635	144,319	847,954
Amortisation during the year	(16,377)	–	(16,377)
Impairment loss for the year	–	(42,552)	(42,552)
Exchange realignment	568	116	684
At 31 March 2015	687,826	101,883	789,709

(a) Favourable lease asset

Favourable lease asset arising from the acquisition represents the terms of the Forestlands use rights granted to the Group which are favourable relative to the market terms as at the date of the acquisition. Favourable lease asset is amortised on a straight-line basis over the remaining term of the lease of the Forestlands.

(b) Goodwill

Goodwill was arising from the acquisition and has been allocated to a CGU that is expected to benefit from the acquisition. The entire carrying amount of goodwill has been allocated to the management of the Forestlands segment.

The recoverable amount of the CGU is determined based on fair value less costs of disposal of the Forestlands. The fair value less costs of disposal of the Forestlands was determined by an independent professional valuer engaged by the Company, LCH (Asia-Pacific) Surveyors Limited ("LCH"), using Comparable Sales Approach by reference to ask prices of comparable forestlands in the neighbourhood townships, adjusted for the condition and features of the comparable forestlands such as their locations, accessibility, size and tree species planted. LCH determines that the recoverable amount of the CGU was approximately HK$709,928,000 (2014: HK$772,274,000). This is categorised as Level 3 fair value hierarchy. Accordingly, the carrying amount of the CGU has been written down to the recoverable amount and an impairment loss on goodwill of approximately HK$42,552,000 (2014: HK$3,720,000) was recognised in profit or loss in the consolidated income statement for the year ended 31 March 2015.

Key assumptions used for the determination of the fair value less costs of disposal of the Forestlands are as follows:

- the Group could be able to sell the Forestlands in its highest and best form and as part of a going concern business of the Group in the market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to increase the value of the Forestlands;

- the Group has free and uninterrupted rights to assign the interest for the whole of the unexpired terms as granted and any premiums payable have already been fully paid;

- all required licenses, certificates, consents, or other legislative or administrative authority from any local, provincial, or national government or private entity or organisation have been or can readily be obtained or renewed for any use on which the value estimates determined by LCH are based;

- the Forestlands has obtained relevant government's or organisation's approvals for the sale of the Forestlands and is able to be disposed of and transferred free of all encumbrances (including but not limited to the cost of transaction) in the market;

- the Forestlands can be freely disposed and transferred free of all encumbrances for its existing or approved uses in the market to both local and overseas purchasers without payment of any premium to the government;

- the Group has adopted reasonable and necessary security measures and has considered several contingency plans against any disruption (such as compensation and soil erosion) to the Forestlands and the proper usage of the Forestlands; and

- there is no material difference between the information contained in the Forestland Rights Certificate and the actual size figures.

Any adverse change in the assumptions as stated above for the determination of the fair value less costs of disposal would result in further impairment losses.

13. LOANS RECEIVABLE

	2015	2014
	HK$'000	*HK$'000*
Loans receivable	**45,000**	32,489
Less: allowance for impairment loss	**–**	(2,489)
	45,000	30,000

Loans receivable as at 31 March 2015 represent receivables arising from the money lending business of the Group and carry fix interest rate of 9.8% per annum (2014: at variable interest rate of 2.5% per annum over Hong Kong Dollar prime rate). The effective interest rate of such loans receivable as at 31 March 2015 is 9.8% (2014: 7.5%) per annum. The granting of these loans has been approved and monitored by the Company's executive directors in charge of the Group's money lending operations. Overdue balances are reviewed regularly by senior management.

14. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2015

(i) Disposal of entire interest in Dollar Group Limited ("Dollar Group")

On 1 August 2014, the Group entered into an agreement with an independent third party to dispose the entire interest in Dollar Group for a cash consideration of approximately HK$100,000. Dollar Group was principally engaged in investment in securities and did not hold any securities at the date of disposal. The transaction was completed on the same day and has resulted in the recognition of a gain of approximately HK$88,000 in the consolidated income statement for the year ended 31 March 2015.

(ii) Disposal of entire interest in Golden Victory Holdings Limited ("Golden Victory", together with its subsidiary, collectively referred to as "Golden Victory Group")

On 11 August 2014, Coupeville Limited ("Coupeville"), a wholly-owned subsidiary of the Company, entered into an agreement with Sun Metro Global Limited ("Sun Metro"), a company wholly-owned by Dr. Kwong Kai Sing, Benny ("Dr. Kwong"), a former chairman and executive director of the Company, pursuant to which Coupeville agreed to sell and Sun Metro agreed to purchase the entire interest in Golden Victory for a cash consideration of approximately HK$41,000,000. Golden Victory Group principally held a property used by Dr. Kwong. The transaction was completed on 19 September 2014 and has resulted in the recognition of a gain of approximately HK$3,627,000 in the consolidated income statement for the year ended 31 March 2015.

(iii) Disposal of entire interest in Alpha Ease International Limited ("Alpha Ease")

On 20 August 2014, Coupeville entered into an agreement with an independent third party to dispose the entire interest in Alpha Ease, which principally held a convertible bond, for a cash consideration of approximately HK$10,000,000. The transaction was completed on the same day and has resulted in the recognition of a loss of approximately HK$5,720,000 in the consolidated income statement for the year ended 31 March 2015.

(iv) Disposal of entire interest in Mild City Limited ("Mild City") and Rainbow Fair Development Limited ("Rainbow Fair")

On 25 August 2014, the Group entered into two agreements with an independent third party to dispose the entire interest in Mild City and Rainbow Fair, for an aggregate cash consideration of approximately HK$500,000. Mild City and Rainbow Fair principally held motor vehicles. The transactions were completed on the same day and have resulted in recognition of an aggregate gain of approximately HK$460,000 in the consolidated income statement for the year ended 31 March 2015.

(v) Disposal of entire interest in Heritage International Finance Limited ("Heritage Finance")

On 28 August 2014, Coupeville entered into an agreement with Sun Metro to dispose the entire interest in Heritage Finance, which was principally engaged in money lending business, for a cash consideration of approximately HK$100,000. The transaction was completed on 29 August 2014 and has resulted in the recognition of a gain of approximately HK$90,000 in the consolidated income statement for the year ended 31 March 2015.

(vi) Disposal of entire interest in Apex

On 5 November 2014, Power Global entered into an agreement with High Rhine to dispose the entire interest in Apex, together with assignment of outstanding shareholder loan advanced by the Company to Apex Group, for a cash consideration of approximately HK$500,000. Apex Group was principally involved in Chinese medicine clinic operation. The transaction was completed on 20 November 2014 and has resulted in the recognition of a loss of approximately HK$398,000 included in loss for the year from discontinued operation for the year ended 31 March 2015. Details are set out in note 9.

The net assets of the subsidiaries at the respective dates of disposal were as follows:

	Golden Victory Group at 19 September 2014	**Alpha Ease at 20 August 2014**	**Heritage Finance at 29 August 2014**	**Dollar Group at 1 August 2014**	**Mild City at 25 August 2014**	**Rainbow Fair at 25 August 2014**	**Apex Group at 20 November 2014**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Analysis of assets and liabilities over which control was lost:								
Property, plant and equipment	62,420	–	–	–	29	–	580	63,029
Available-for-sale investments	–	13,106	–	–	–	–	–	13,106
Conversion options embedded in a convertible bond	–	2,379	–	–	–	–	–	2,379
Inventories	–	–	–	–	–	–	114	114
Prepayments, deposits and other receivables	32	389	9	3	11	–	92	536
Cash and cash equivalents	5	–	1	9	–	–	300	315
Other payables and accruals	–	–	–	–	–	–	(188)	(188)
Borrowings	(24,486)	–	–	–	–	–	–	(24,486)
Deferred tax liabilities	(598)	–	–	–	–	–	–	(598)
Net assets disposed of	37,373	15,874	10	12	40	–	898	54,207

	Golden Victory Group at 19 September 2014	Alpha Ease at 20 August 2014	Heritage Finance at 29 August 2014	Dollar Group at 1 August 2014	Mild City at 25 August 2014	Rainbow Fair at 25 August 2014	Apex Group at 20 November 2014	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
(Loss)/gain on disposal of subsidiaries								
Consideration received	41,000	10,000	100	100	400	100	500	52,200
Net assets disposed of	(37,373)	(15,874)	(10)	(12)	(40)	–	(898)	(54,207)
(Loss)/gain on disposal before release of available-for-sale investments revaluation reserve	3,627	(5,874)	90	88	360	100	(398)	(2,007)
Cumulative fair value changes of an available-for-sale investment reclassified to profit or loss	–	154	–	–	–	–	–	154
(Loss)/gain on disposal after release of available-for-sale investments revaluation reserve	3,627	(5,720)	90	88	360	100	(398)	(1,853)
Net cash inflow arising on disposal:								
Cash consideration received	41,000	10,000	100	100	400	100	500	52,200
Less: cash and cash equivalents disposed of	(5)	–	(1)	(9)	–	–	(300)	(315)
	40,995	10,000	99	91	400	100	200	51,885

Loss on disposal of approximately HK$398,000 has been included in loss for the year from discontinued operation for the year ended 31 March 2015 and net loss on disposal approximately HK$1,455,000 has been included in the consolidated income statement for the year ended 31 March 2015.

For the year ended 31 March 2014

During the year ended 31 March 2014, the Group had entered into two agreements with an independent third party for the disposal of subsidiaries. The aggregate net assets of these subsidiaries at their respective dates of disposal were as follows:

	2014
	HK$'000
Net assets disposed of:	
Investment properties	42,650
Prepayments, deposits and other receivables	265
Other payables and accruals	(16)
Interest-bearing bank borrowing	(5,319)
	37,580
Loss on disposal of subsidiaries	(500)
Consideration satisfied by cash and net inflow of cash and cash equivalents in respect of disposal of subsidiaries	37,080

15. COMPARATIVE FIGURES

As explained in note 9, due to the classification of discontinued operation, the loss/profit from continuing operations and the loss from discontinued operation in the consolidated income statement have been revised. Accordingly, certain prior year comparative amounts have been reclassified and restated to conform to the current year's presentation.

16. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following significant events of the Group, not disclosed elsewhere in the consolidated financial statements, took place:

(a) On 8 April 2015, Shinning Seas Limited (as purchaser), a wholly-owned subsidiary of the Company, China Hover Dragon Group Limited and Mr. Gao Chuanyi (as vendors), Mr. Ji Kewei and Ms. Wang Zi Yi (as guarantors), and the Company entered into a sales and purchase agreement in connection with the proposed acquisition of the entire share capital of Hong Kong Leasing Limited at a base consideration of approximately HK$1,558,334,000 to be satisfied by allotment of new shares to the vendors. Details of the sales and purchase agreement are set out in the Company's announcement dated 10 April 2015.

(b) On 17 April 2015, Coastal Silk Limited (as purchaser), a wholly-owned subsidiary of the Company, Platinum City Holdings Limited (as vendor), Mr. Liu Jin Cheng and Point Best Group Limited entered into a non-legally binding memorandum of understanding (the "MOU") in relation to the proposed acquisition of the entire issued share capital of Charm Best Development Limited. Pursuant to the MOU, formal sales and purchase agreement (the "Definitive Documentation") is agreed to be finalised and signed on or before 10 June 2015. On 10 June 2015, the respective parties entered into an extension agreement, pursuant to which the latest time for entering into Definitive Documentation has been extended to 30 June 2015. Details of the MOU and the extension agreement are set out in the Company's announcements dated 17 April 2015 and 10 June 2015, respectively.

(c) On 21 May 2015, the Company (as vendor) and Trillion Cheer Toprich Limited (as purchaser) entered into a sales and purchase agreement in connection with the proposed disposal of entire interest in Gold Mountain Limited at a consideration of approximately HK$720,000,000. Details of the sales and purchase agreement are set out in the Company's announcement dated 21 May 2015 and the Company's circular dated 24 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that the Group has made a loss before tax of approximately HK$(129) million for the year ended 31 March 2015. The loss is mainly attributable to losses associated with disposal of subsidiaries equity-settled share-based payment expenses, the related impairment loss on goodwill, loss arising from changes in fair value less costs of disposal of biological assets, fair value loss on derivative financial instruments (included in loss for the year from discontinued operation) and general operating expenses, which were not offset by fair value gains arisen from equity investments at fair value through profit or loss as at the fiscal year end date.

The Company is an investment holding company and with its subsidiaries engaged in the following major lines of business during the fiscal year ended 31 March 2015.

a) Investment in Listed Securities

The Group's securities portfolio reported a net realised loss on sale of investments at fair value of approximately HK$8 million for the year ended 31 March 2015. In addition, there was an unrealised net fair value gain on investment at fair value through profit or loss of approximately HK$42 million during the year.

b) Money Lending Business

The Group's wholly owned subsidiary that engaged in money lending business recorded a positive result for the year ended 31 March 2015. On 29 August 2014 the subsidiary was sold and a new subsidiary was formed to take up the business, for which a license was granted on 18 December 2014. As of 31 March 2015, the Group has authorised the proposed banking facility with a total amount of HK$300 million which is intended to be utilized to fund its future money lending activities and is unissued as at 31 March 2015.

c) Investment Holding

The Group holds an unlisted investment at fair value of the amount of approximately HK$340.8 million as at 31 March 2015. The shareholding in this unlisted investment represents an equity interest of 6.18% in the investee.

d) Chinese Medicine Clinic operation (now discontinued)

The Group's operation in the traditional Chinese Medicine industry through the HON Chinese Medicine Clinic ran for approximately three years. After considering the continuous losses incurred, the Group sold the Chinese Medicine Clinic operation in November 2014. The results of Chinese Medicine Clinic operation are classified as discontinued operation during the year.

e) **Investment in Forest Interest in the PRC**

At 31 March 2015 the Group owned a group of companies whose principal asset is forestlands with a total area of 63,035.29 mu located in Qinglong Manchu Autonomous County of Hebei Province, the PRC. The Group recognised prepaid lease payments, favourable lease asset, goodwill and biological assets as the major non-current assets on its books after the acquisition in prior year.

Both prepaid lease payments and the favourable lease are amortised on a straight-line basis over the remaining term of the lease of the Forestlands. During the year ended 31 March 2015, the Group recognised an aggregate losses arising from the major non-current assets of approximately HK$70 million. This represents the combined effect of amortisation of prepaid lease payments and favourable lease asset on a straight-line basis over the remaining term of the lease which will terminate on 2057 plus the impairment of goodwill and loss arising from changes in fair value less costs of disposal of biological assets.

As disclosed in note 16, the Group has entered into a sales and purchase agreement dated 21 May 2015 with Trillion Cheer Toprich Limited, an independent third party of the Group, in relation to the sale of the entire interest in Gold Mountain Limited, a wholly owned subsidiary of the Group, at a consideration of approximately HK$720 million.

PROSPECT

In addition to its continued involvement in investments in listed and unlisted securities and money lending, the Group intends to expand into a variety of financial services serving PRC markets. On 8 April 2015 the Group entered into a Sale and Purchase Agreement with a company that provides financial leasing services, including a financial leasing transaction services platform (O2O) with the first cross-border Renminbi business products and integrated financial products; it also provides leasing transactions consultation services, guarantees, factoring business and other related businesses. The Group has also entered into a memorandum of understanding to acquire a company in the field of online and offline automobile sales and financing related services in the PRC. The Group is also actively seeking other acquisitions in the area of financial services in the PRC, and believes this industry will have a bright future and will increase shareholders' value.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, the Group's total assets and borrowings were HK$1,644,249,000 and HK$29,316,000, respectively. Borrowings represented margin and other loans and bonds. The margin and other loans have no fixed term of repayment and carry contractual and effective interest of 8% and 1.3% per annum respectively. Bonds carried fixed rate interest of 5% per annum. Borrowings were denominated in Hong Kong dollar, and thus there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was approximately 1.8%.

During the year, the Company also issued a 5% unsecured seven-year straight bonds with principal amount of HK$10 million to an independent third party. The final maturity of the bond issued is in the year 2021.

On 18 July 2014, the Company announced that the Board proposed a bonus issue on the basis of one bonus issue for every two existing shares held by members of the Company on the register of members on 26 August 2014. Further details of the bonus issue are set out in the Company's circular dated 1 August 2014 and the Company's announcement date 18 July 2014.

On 16 December 2014, the Company announced that the Board proposed to implement a share subdivision on the basis that each issued and unissued share of par value HK$0.001 each in the share capital of the Company was subdivided into four subdivided shares of par value HK$0.00025 each. Further details of the share subdivision are set out in the Company's circular dated 6 January 2015 and the Company's announcement dated 16 December 2014.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Saved as disclosed in note 14 the Group had no material acquisitions and disposal of subsidiaries during the year ended 31 March 2015.

CURRENCY RISK MANAGEMENT

The Group's transactions are mainly denominated in Hong Kong dollars and Renminbi ("RMB"). The majority of the Group's cash and bank balances are also denominated in these two currencies. During the year ended 31 March 2015, the Group did not experience significant exposure to exchange rate and interest rate fluctuations. Accordingly, the Group has not implemented any foreign currency hedging policy at the moment. However, the management of the Group will constantly review the economic situation, development of each business segment and the overall foreign exchange risk profile, and will consider appropriate hedging measures in the future when necessary.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2015, the Group had an available workforce including directors of the Company, of 26, of which 11 were based in the PRC. Staff costs incurred and charged to profit or loss for the year, including directors' remuneration but excluding estimated value of a director's quarter plus related charges borne by the Group and equity-settled share-based payment expenses, was approximately HK$10.9 million (2014: HK$11.7 million).

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all its employees in Hong Kong and the employees of the Group's subsidiaries in PRC are required to participate in a central person scheme operated by the local municipal government.

PLEDGE OF ASSETS

At the end of the reporting period, the Group's investments in listed equity securities with carrying value of approximately HK$3,776,000 was pledged as a security for margin and other loans advanced by a financial institution. The amount of investments in listed equity securities with carrying value of approximately HK$10,891,000 were pledged to certain financial institutions to secure certain margin financing facilities granted to the Group which has not been utilised as at the end of the reporting period.

At 31 March 2015, the entire share capital of Shengyuan Investments Management Services (Tianjin) Co. Limited, a wholly-owned subsidiary of the Company, amounting to approximately HK$9,001,000 has been pledged to a bank in Hong Kong to secure a proposed facility granted to the Group. Such banking facility had been authorised but unissued at 31 March 2015.

CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

The Company had no material major contingent liabilities as at 31 March 2015 (2014: HK$31,500,000).

Save as disclosed below, the Group has no material capital commitment as at 31 March 2015.

Pursuant to an approval from relevant government authority in the PRC on 13 February 2015, the registered capital of a subsidiary in the PRC is authorised to increase by approximately HK$2,000,000. The Group has fully injected the additional capital contribution on 29 May 2015.

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

During the year, neither the Company nor any its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2015, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between Chairman and Chief Executive Officer should be clearly established and set out in writing. Dr. Kwong Kai Sing, Benny, assumed the roles of both Chairman and Chief Executive Officer of the Company, and was in charge of the overall management of the Company until he resigned on 7 August 2014. The Company considered that the combination of the roles of Chairman and Chief Executive Officer could promote the efficient formulation and implementation of the Company's strategies which enabled the Group to grasp business opportunities efficiently and promptly. The Company considered that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism existed so that the interests of the shareholders were adequately and fairly represented.

Mr. Yau Wai Lung has been acting for the function of Chairman and Chief Executive Officer since he was appointed as Executive Director on 19 August 2014, even though he has not been appointed with the titles as such. The nomination committee of the Company is still finding suitable candidates to fill the casual vacancy of Chairman and Chief Executive Officer in order to comply with the Code Provision A.2.1.

Code provision D.1.4 sets out that issuers should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. During the year, the Company did not have formal letters of appointment for part of Directors. All of the Directors of the Company are, however, required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as Directors of the Company. In the opinion of the Directors, this meets the objective of the Code provision D.1.4.

Code Provision A.6.7 stipulates that Independent Non-Executive Directors and other Non-Executive Directors should attend general meetings of the Company. Three Independent Non-Executive Directors were unable to attend the annual general meeting held on 18 August 2014 due to overseas commitments or other prior business engagements.

Although not less than one-third of the Directors of the Company (both Executive and Non-Executive) are subject to retirement by rotation at the Company's annual general meeting (Code Provision A.4.2 requires every Director should be subject to retirement by rotation at least once every three years (the "Rotation Period Restriction")) as specified by the Company's bye-laws, they are not appointed for a specific term. Thus the Company has deviated from Code Provision A.4.1. The Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are similar to those provided in the Code.

AUDIT COMMITTEE

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises three independent non-executive directors of the Company. The Company's annual results for the year ended 31 March 2015 have been reviewed by the audit committee of the Company.

REVIEW OF PRELIMINARY ANNOUNCEMENT

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been agreed by the Group's auditor, Graham H. Y. Chan & Co., to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Graham H. Y. Chan & Co. 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Graham H. Y. Chan & Co. on the preliminary announcement.

COMPLICATION WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. Following specific enquiry by the Company, the directors have confirmed that they have complied with the required standard under the Model Code for the year ended 31 March 2015.

APPOINTMENT OF CHAIRMEN OF AUDIT COMMITTEE, REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The Board is pleased to announce that with effect from 26 June 2015, Mr. Chung Yuk Lun, an Independent Non-Executive Director, has been appointed as chairman of the audit committee of the Company. Furthermore, Mr. Cheung Wing Ping, an Independent Non-Executive Director, and Mr. Yau Wai Lung, an Executive Director, have been appointed as chairman of the remuneration committee and nomination committee of the Company respectively with effect from 26 June 2015.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.heritage.com.hk). The annual report for the year ended 31 March 2015 will be dispatch to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

By order of the Board
Heritage International Holdings Limited
Mr. Yau Wai Lung
Executive Director

Hong Kong, 26 June 2015

As at the date of this announcement, the Company has three executive directors, being Mr. Yau Wai Lung, Dr. Jonathan Ross and Mr. Ma Chao and three independent non-executive directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.