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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Freeman Financial Corporation Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION IN
RELATION TO SHARE BUY-BACK FROM CO-LEAD;
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting (the “EGM”) of Freeman Financial Corporation Limited (the “Company”) to be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015 at 4:00 p.m. is set out on pages 108 to 109 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting if you so wish.

Hong Kong, 25 September 2015

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DEFINITION

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday or any other public holidays) on which banks in Hong Kong are generally open for settlement business
“Co-Lead”	Co-Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Co-Lead Note”	a three-month zero coupon note with principal amount of HK\$509,991,480.60 to be executed and issued by the Company in favour of Co-Lead or its nominee
“Company”	Freeman Financial Corporation Limited (Stock Code: 279), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Second Buy-Back
“connected persons(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting to be held by the Company to consider and, if thought fit, approve the Second Buy-Back
“FCL”	Freeman Corporation Limited, an indirect non-wholly owned subsidiary of the Company (before the Second Buy-Back) incorporated in the Cayman Islands with limited liability
“FCL Group”	FCL and its subsidiaries
“FCL Share(s)”	ordinary share(s) in the issued share capital of FCL
“FFIC”	Freeman Financial Investment Corporation, a wholly-owned subsidiary of the Company incorporated in the Cayman Islands with limited liability

DEFINITION

“First Buy-Back”	buy-back of 81,717,607 FCL Shares held by HDL by FCL at First Buy-Back Price
“First Buy-Back Price”	HK\$1.23 per First Buy-Back Share
“First Buy-Back Share(s)”	the 81,717,607 FCL Share(s) held by HDL and repurchased by FCL at First Buy-Back Price
“Group”	the Company and its subsidiaries
“HDL”	HEC Development Limited, a company incorporated in the British Virgin Islands with limited liability
“HKFRS(s)”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mason”	Mason Financial Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 273)
“Relevant Periods”	Financial years ended 31 March 2013, 2014 and 2015
“Second Buy-Back”	buy-back of 414,627,220 FCL Shares held by Co-Lead by FCL at Second Buy-Back Price
“Second Buy-Back Price”	HK\$1.23 per Second Buy-Back Share
“Second Buy-Back Share(s)”	the 414,627,220 FCL Share(s) held by Co-Lead and to be repurchased by FCL at Second Buy-Back Price

DEFINITION

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	shall have the meaning ascribed thereto under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

Executive Directors:

Mr. Lo Kan Sun (*Chairman*)

Mr. Hui Quincy Kwong Hei (*Managing Director*)

Ms. Au Shuk Yee, Sue

Ms. Chow Mun Yee

Independent Non-executive Directors:

Mr. Cheung Wing Ping

Mr. Chung Yuk Lun

Mr. Hung Cho Sing

Dr. Agustin V. Que

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

Principal place of

business in Hong Kong:

Room 2302, 23rd Floor

China United Centre

28 Marble Road

North Point, Hong Kong

25 September 2015

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION AND CONNECTION TRANSACTION IN
RELATION TO SHARE BUY-BACK FROM CO-LEAD
AND
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

On 17 August 2015, FCL bought back an aggregate of 81,717,607 FCL Shares from HDL (representing approximately 6.50% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the First Buy-Back Price for the First Buy-Back Shares is HK\$100,512,656.61. The First Buy-Back was completed on 17 August 2015 and the Group holds approximately 67.02% equity interest in FCL.

LETTER FROM THE BOARD

On 17 August 2015, FCL proposed to buy back an aggregate of 414,627,220 FCL Shares from Co-Lead (representing approximately 32.98% equity interest in FCL) at HK\$1.23 per FCL Share. The aggregate of the Second Buy-Back Price for the Second Buy-Back Shares is HK\$509,991,480.60.

The Second Buy-Back is subject to the Shareholders' approval. FCL will cancel the First Buy-Back Shares and Second Buy-Back Shares upon the condition precedent to the Second Buy-Back is fulfilled. Should the condition precedent of the Second Buy-Back is not fulfilled, FCL will cancel the First Buy-Back Shares in accordance with the provisions of its memorandum and articles of association and the Group will hold approximately 64.73% equity interest in FCL. The Group intends to continue to hold its equity interest in FCL.

Upon completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, FFIC will hold 100% equity interest in FCL and FCL will become an indirect wholly-owned subsidiary of the Company.

The purpose of this circular is to provide you with information in relation to, among other things, (i) details of the Second Buy-Back; (ii) the financial information of FCL Group; (iii) the financial information of the Group; (iv) the unaudited pro forma financial information of the Group; and (v) a notice convening the EGM at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, approve the Second Buy-Back and the transactions contemplated thereunder.

Condition precedent

The completion of the Second Buy-Back shall be conditional upon the passing of the necessary resolution(s) by the Shareholders (other than those, if any, required to abstain from voting pursuant to the Listing Rules) at the EGM to approve the Second Buy-Back and the transactions contemplated thereunder.

Second Buy-Back Price

The Second Buy-Back Price is HK\$1.23 per Second Buy-Back Share, represents a premium of approximately 259.6% over the earnings per FCL Share for the year ended 31 March 2015 of HK\$0.342, which was determined after arm's length negotiation between the parties with reference to (i) the financial information in past years of FCL Group for the Relevant Periods as set out in Appendix I to this circular that FCL Group recorded net profits for three consecutive financial years during the Relevant Periods of approximately HK\$248.9 million, HK\$583.2 million and HK\$429.4 million respectively and the net assets of FCL Group also increased to approximately HK\$4,069.3 million as at 31 March 2015 as a result of net proceeds of approximately HK\$1,431.1 million from issue of new shares of FCL and net profit of approximately HK\$429.4 million recognised for the year ended 31 March 2015; (ii) the prospects and potentials of the business of FCL Group that FCL Group would broaden its source of income from new line of business with growth potentials, including a new subsidiary principally engaged in the provision of futures brokerage services and trading of futures; (iii) the price-to-earnings ratio of 3.6 times with reference to the earnings per FCL Share of approximately HK\$0.342 (based on the audited net profit after tax of FCL Group for the year ended 31 March 2015 of approximately HK\$429.4 million over the total number of FCL's issued shares of 1,257,193,947 as at 17 August 2015); and (iv) the reasons for and benefits of the Second Buy-Back as described under the paragraph headed "REASONS FOR AND BENEFITS OF THE TRANSACTION" below.

LETTER FROM THE BOARD

Consideration

The consideration for the Second Buy-Back Shares shall be HK\$509,991,480.60, which shall be satisfied by Co-Lead Note to be issued by the Company to Co-Lead or its nominee on the date of completion of the Second Buy-Back.

Set out below are the principal terms of the Co-Lead Note:

Issuer:	The Company
Principal amount:	HK\$509,991,480.60
Interest:	Zero coupon rate
Maturity Date:	Three calendar months after the date of issue of the Co-Lead Note
Repayment:	The full amount of the Co-Lead Note shall be due and repayable on the Maturity Date to the noteholders of the Co-Lead Note
Early repayment:	The Company may prepay all or part of the principal amount of Co-Lead Note at any time without penalty provided that the Company shall have given to the holder(s) of Co-Lead Note not less than one(1) Business Day's prior written notice specifying the amount and date of prepayment
Transferability:	The Co-Lead Note is freely transferrable to any third party without any restrictions

The Company intends to settle the Co-Lead Note by utilising the internal financial resources and banking and other facilities available to the Group upon its maturity date. As at 31 July 2015, the Group has cash and bank balances of approximately HK\$476.9 million and available banking and other facilities of approximately HK\$373.6 million.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE TRANSACTION

FCL had issued new shares to various parties in 2014 for additional source of capital from new investors for FCL Group's business development. FCL Group operates as a diversified financial services group with major areas including securities and futures brokerage services, insurance brokerage and financial planning services, corporate finance advisory services, trading of securities and futures, provision of finance, as well as investment holdings (more details of the major business of FCL Group are set out in section headed "Information on FCL"). Following the change of the Company's dual foreign name in Chinese to "民眾金服控股有限公司" which became effective in June 2015, the Company has a new corporate identity to better reflect or align with the business growth objectives of the management and strengthen customer focus. The general stock market became volatile during the first two quarters of 2015 which was indicated by the drop of Hang Seng Index from 23,721 as at 2 January 2015 to 21,670 as at 31 August 2015. It is the intention of the Company to strengthen its control over FCL Group by buying back the minority interests therein within a year's time.

The Board believes that the Second Buy-Back together with the First Buy-Back could streamline the principal businesses of the Group through centralising the profits attributable to the Shareholders from FCL Group from approximately 60.52% to 100%. The Company is of the view that adopting the method of share buy-back from HDL and Co-Lead at a premium over the earnings per FCL Share for the year ended 31 March 2015 is a more appreciate means to broaden the source of income of the Group when comparing to other methods, such as acquisition of new investments or expansion of new businesses which may involve higher risks and uncertainties. Instead of only sharing approximately 60.52% income and net assets of FCL Group (before the First Buy-Back and Second Buy-Back), the Group will share 100% income and net assets of FCL Group after the First Buy-Back and Second Buy-Back, resulting more sources of income and fundings available for future growth and development of the Group under new banner "民眾金服" in order to enhance values to its Shareholders.

In view of the factors on determining the Second Buy-Back Price and the above reasons for and benefits of the transaction, the Directors consider the Second Buy-Back is negotiated at arm's length basis on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP

The Group is principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, the trading of securities and futures, the provision of finance, as well as investment holding.

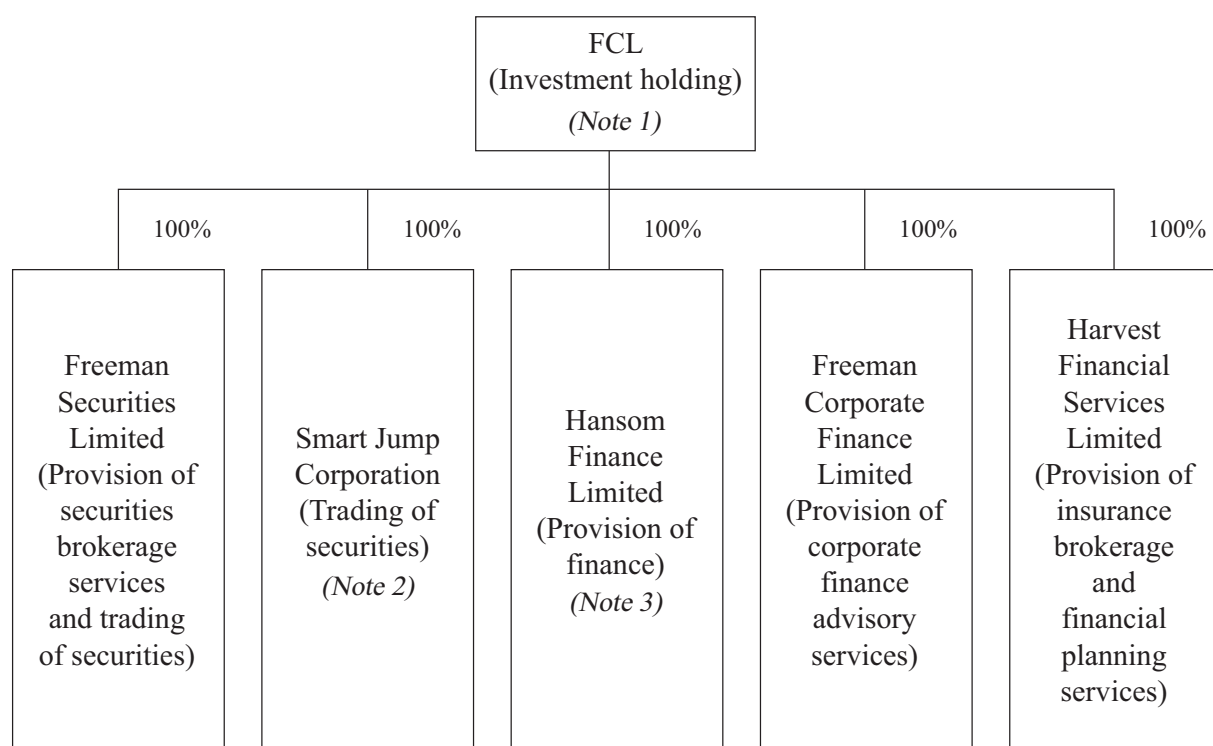
INFORMATION ON FCL

FCL is an indirect non-wholly owned subsidiary of the Company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. FCL and its subsidiaries are principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, provision of finance, as well as investment holding. As at 10 August 2015, FCL Group has an unaudited net asset value of approximately HK\$513.1 million, translating into an unaudited net asset value per FCL Share of approximately HK\$0.408.

LETTER FROM THE BOARD

During the year ended 31 March 2014 and as at 31 March 2015, the Group underwent various share transfers and share swaps (the “Reorganisation”) which mainly involved (i) the incorporation of FCL on 28 June 2013; (ii) transfer of the entire share capital of certain subsidiaries previously held by the Company (outside FCL Group) to FCL or wholly-owned subsidiaries of FCL; and (iii) transfer of the entire share capital of an indirect subsidiary which holds 19.54% equity interest in an associate of the Group outside FCL Group.

Set out below is the group structure of FCL and its major operating subsidiaries with their respective principal activities immediately after the Reorganisation:



Note 1: FCL was incorporated on 28 June 2013. Pursuant to various share transfers and share swaps underwent by the Group, FCL became the holding company of the companies now comprising FCL Group on 8 August 2013.

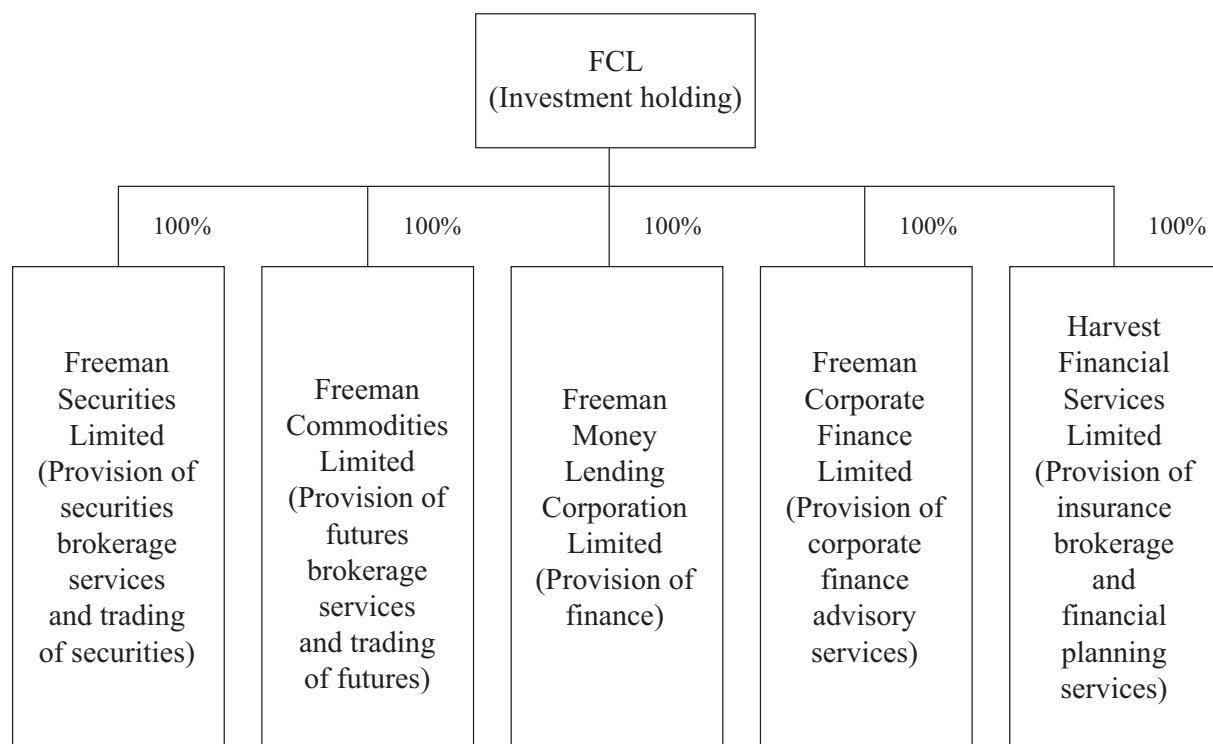
Note 2: On 8 August 2013, one issued ordinary share of Smart Jump Corporation, representing its entire issued share capital, was transferred to a wholly-owned subsidiary of FCL (“SJC Transfer”). Pursuant to SJC Transfer, Smart Jump Corporation became an indirect wholly-owned subsidiary of FCL.

Note 3: On 8 August 2013, one issued ordinary share of Asia Hunter Global Limited (the immediate holding company of Hansom Finance Limited), representing its entire issued share capital, was transferred to a wholly-owned subsidiary of FCL (“HFL Transfer”). Pursuant to HFL Transfer, Hansom Finance Limited became an indirect wholly-owned subsidiary of FCL.

LETTER FROM THE BOARD

Subsequent to 31 March 2015 and up to the Latest Practicable Date, the Group also underwent other share transfers and share swaps which mainly involved (i) transfer of the entire share capital of certain subsidiaries (including Hansom Finance Limited) previously held by FCL Group to wholly-owned subsidiaries of the Company; and (ii) distribution of the entire share capital of Smart Jump Corporation to its shareholders and Dividend Take-Up by FFIC (details and definitions of the Dividend Take-Up are set out in the Company's announcement dated 10 August 2015).

Set out below is the current group structure of FCL and its major operating subsidiaries with their respective principal activities:



LETTER FROM THE BOARD

Major businesses of FCL Group

- (i) Provision of securities brokerage services and trading of securities

Freeman Securities Limited (“FSL”) is a major subsidiary of this segment carrying out business in Type 1 (Dealing in Securities) regulated activity as defined under the SFO. FSL is also engaged in placing, underwriting and margin financing business with major customers of Hong Kong listed companies and professional investors as well as trading of securities. In view of the increasing competition in Hong Kong’s securities brokerage industry, more resources will be allocated to FSL for marketing campaigns to increase its market presence and competitiveness.

For trading of securities, FSL intends to invest mainly in equity and debt securities in Hong Kong listed companies over a diversified portfolio in different companies and industries.

- (ii) Provision of futures brokerage services and trading of futures

Freeman Commodities Limited (“FCOL”) is a major subsidiary of this segment carrying out business in Type 2 (Dealing in Futures Contracts) regulated activity as defined under the SFO. FCOL was a subsidiary acquired by FCL Group in February 2015. In August 2015, FCL has injected additional capital of HK\$20 million into FCOL for its business development on improvements to its trading and computer systems of futures contracts. FCOL is in a developing stage of its business.

- (iii) Provision of finance

Freeman Money Lending Corporation Limited is a major subsidiary of this segment carrying out money lending business. Its major customers’ portfolio mainly locates in Hong Kong. Unsecured loans were granted to borrowers with short-term maturity usually within one year. Interest income of this segment will be ranging from 7% to 48% per annum.

- (iv) Provision of corporate finance advisory service

Freeman Corporate Finance Limited (“FCFL”) is a major subsidiary of this segment carrying out business in Type 6 (Advising on Corporate Finance) regulated activity as defined under the SFO. Its major customers are mainly listed companies in Hong Kong. FCFL provides advisory services on major acquisition and disposal transactions, placing and underwriting exercises and business advisory.

LETTER FROM THE BOARD

(v) Provision of insurance brokerage and financial planning services

Harvest Financial Services Limited (“HFSL”) is a major subsidiary of this segment carrying out business of insurance brokerage and financial planning services. The Professional Insurance Brokers Association has approved HFSL as an Incorporated Insurance Broker in Hong Kong in 2012. The products of insurance brokerage and financial planning services of HFSL mainly includes investment-link plans, mandatory provident fund, medical insurance, life insurance and general insurance.

Set out below is a summary of the audited consolidated financial information of FCL Group for the two years ended 31 March 2014 and 2015:

	For the year ended	
	31 March	
	2014	2015
	HK\$'000	HK\$'000
Net profit before tax	585,920	472,211
Net profit after tax	583,174	429,395

Financial information of FCL Group for the Relevant Periods is further set out in Appendix I to this circular.

INFORMATION ON CO-LEAD

Co-Lead is an indirect non-wholly owned subsidiary of Mason and is an investment holding company. Mason and its subsidiaries are principally engaged in business of trading of investments, provision of financial services, property investment and investment holding.

FINANCIAL IMPACT ON THE GROUP

Following the completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, the equity interests of the Group in FCL will be increased to 100% and FCL will become an indirect wholly-owned subsidiary of the Company. The financial results of FCL Group will continue to be consolidated by the Group.

As illustrated in the unaudited pro forma consolidated statement of financial position of the Group as set out in Appendix III to this circular which has been prepared as if the Second Buy-Back had been completed on 31 March 2015, (i) there will be no material impact on the total assets of the Group; (ii) the total liabilities of the Group would be increased by approximately HK\$510.5 million; (iii) the non-controlling interests would be decreased by approximately HK\$1,375.2 million; and (iv) the reserves of the Group would be increased by approximately HK\$864.7 million, in which approximately HK\$865.2 million represents the net estimated deemed gain from the Second Buy-Back after estimated costs and expenses (recognised as a movement in the reserves of the Group).

It should be noted that the aforementioned estimations and figures are for illustrative purpose only and do not purport to represent how the financial position of the Group will be after the Second Buy-Back.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Following the completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, the Group's equity interests in FCL will be increased to 100% and FCL will become an indirect wholly-owned subsidiary of the Company.

FCL is a subsidiary of the Company and owned as to approximately 60.52% by FFIC and approximately 32.98% by Co-Lead (before the First Buy-Back and Second Buy-Back). Therefore, Co-Lead is a connected person of the Company at the subsidiary level. Since the Second Buy-Back is on normal commercial terms or better and (i) the Board has approved the Second Buy-Back and (ii) the independent non-executive Directors have confirmed that the Second Buy-Back is fair and reasonable, on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Second Buy-Back constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As some of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Buy-Back exceed 25% but are not more than 100%, the Second Buy-Back constitutes a major transaction of the Company and is therefore subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. Accordingly, the Company will seek Shareholders' approval at the EGM by way of poll for the Second Buy-Back and the transactions contemplated therein. As at the Latest Practicable Date, to the best of the Director's knowledge and belief after having made all reasonable enquiry, Co-Lead together with its ultimate beneficial owners holds 48,380,000 Shares, representing approximately 0.47% of the total issued share capital of the Company. Co-Lead together with its ultimate beneficial owners are considered to have a material interest in the Second Buy-Back and will abstain from voting in favour of the resolution relating to the Second Buy-Back to the extent of the Shares it holds (if any) at the EGM.

LETTER FROM THE BOARD

EGM

The EGM will be held by the Company on Thursday, 15 October 2015 at 4:00 p.m. at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong for the Shareholders to consider, and if thought fit, passing the resolutions to approve the Second Buy-Back and the transactions contemplated thereunder.

A proxy form for use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM, you are requested to complete the proxy form and return it to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish.

Pursuant to 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting shall be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board considers that the Second Buy-Back is negotiated at arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the proposed ordinary resolution to approve the Second Buy-Back and the transactions contemplated thereunder at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board of
FREEMAN FINANCIAL CORPORATION LIMITED
Lo Kan Sun
Chairman

A. ACCOUNTANTS' REPORT OF FCL GROUP

The following is the text of a report prepared for the purpose of incorporation in this circular, received from the independent reporting accountants of Freeman Corporation Limited, Ernst & Young, Certified Public Accountants, Hong Kong.



22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

25 September 2015

The Board of Directors
Freeman Financial Corporation Limited
Room 2302, 23rd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs

We set out below our report on the financial information of Freeman Corporation Limited (“FCL”) and its subsidiaries (hereinafter collectively referred to as the “FCL Group”) comprising the combined income statements, and the combined statements of financial position of the FCL Group as at 31 March 2013, 2014 and 2015, statements of comprehensive income, statements of changes in equity and statements of cash flows of the FCL Group for each of the years ended 31 March 2013, 2014 and 2015 (the “Relevant Periods”), and the combined statements of financial position of the FCL Group as at 31 March 2013, 2014 and 2015, together with the notes thereto (the “Financial Information”), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the circular of Freeman Financial Corporation Limited (the “Company”) dated 25 September 2015 (the “Circular”) in connection with the share buy-back in FCL.

FCL was incorporated as an exempted company with limited liability in the Cayman Islands on 28 June 2013. Pursuant to a group reorganisation (the “Reorganisation”) as set out in note 2.1 of Section II below, which was completed on 8 August 2013, FCL became the holding company of the other subsidiaries comprising the FCL Group. Apart from the Reorganisation, FCL has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for FCL as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the end of the Relevant Periods, FCL has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies comprising the FCL Group have adopted 31 March as their financial year end date except for those otherwise indicated. The statutory financial statements of the companies comprising the FCL Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the sole director of FCL (the “FCL Director”) has prepared the combined financial statements of the FCL Group (the “Underlying Financial Statements”) in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Underlying Financial Statements for each of the years ended 31 March 2013, 2014 and 2015 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

FCL Director’s responsibility

The FCL Director is responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the FCL Director determines is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the financial position of the FCL Group as at 31 March 2013, 2014 and 2015 and of the financial performance and cash flows of the FCL Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

(a) Combined income statements

	<i>Notes</i>	Year ended 31 March		
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
REVENUE	7	82,421	233,240	(14,976)
Cost of sales		<u>(502)</u>	<u>(3,453)</u>	<u>(20,195)</u>
Gross profit/(loss)		81,919	229,787	(35,171)
Other income and gains	7	35,838	8,356	7,101
Fair value gains on investments at fair value through profit or loss, net		186,340	395,954	551,285
General and administrative expenses		(27,319)	(29,614)	(43,299)
Other expenses, net		(1,398)	(2,000)	–
Finance costs	9	<u>(24,723)</u>	<u>(16,563)</u>	<u>(7,705)</u>
PROFIT BEFORE TAX	8	250,657	585,920	472,211
Income tax expense	12	<u>(1,792)</u>	<u>(2,746)</u>	<u>(42,816)</u>
PROFIT FOR THE YEAR		<u>248,865</u>	<u>583,174</u>	<u>429,395</u>
Attributable to:				
Owners of FCL		248,945	583,174	429,395
Non-controlling interests		<u>(80)</u>	<u>–</u>	<u>–</u>
		<u>248,865</u>	<u>583,174</u>	<u>429,395</u>

I. FINANCIAL INFORMATION

(b) Combined statements of comprehensive income

	<i>Note</i>	Year ended 31 March		
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
PROFIT FOR THE YEAR		<u>248,865</u>	<u>583,174</u>	<u>429,395</u>
OTHER COMPREHENSIVE INCOME/(LOSS)				
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:				
An available-for-sale investment:				
Change in fair value	<i>16</i>	17,068	16,521	5,495
Impairment loss reclassified to the combined income statements		1,398	–	–
Reclassification of cumulative gains to the combined income statements upon disposal		<u>(18,466)</u>	<u>–</u>	<u>–</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u>–</u>	<u>16,521</u>	<u>5,495</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>248,865</u>	<u>599,695</u>	<u>434,890</u>
Attributable to:				
Owners of FCL		248,945	599,695	434,890
Non-controlling interests		<u>(80)</u>	<u>–</u>	<u>–</u>
		<u>248,865</u>	<u>599,695</u>	<u>434,890</u>

I. FINANCIAL INFORMATION

(c) Combined statements of financial position

		As at 31 March		
	<i>Notes</i>	2013	2014	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	<i>14</i>	3,885	2,716	1,757
Intangible assets	<i>15</i>	339	339	1,736
Available-for-sale investments	<i>16</i>	1,986	18,507	91,461
Loans receivable	<i>17</i>	1,411	748	–
Note receivable	<i>19</i>	7,711	–	–
Deferred tax assets	<i>25</i>	47	99	152
		<u>15,379</u>	<u>22,409</u>	<u>95,106</u>
CURRENT ASSETS				
Accounts receivable	<i>18</i>	136,886	193,449	211,519
Loans receivable	<i>17</i>	4,623	301,792	329,995
Prepayments, deposits and other receivables	<i>19</i>	1,581	1,413	51,690
Investments at fair value through profit or loss	<i>20</i>	1,380,032	1,836,599	3,686,317
Amount due from the ultimate holding company	<i>23</i>	–	–	2,430
Amount due from an immediate holding company	<i>23</i>	158	23	66
Amounts due from fellow subsidiaries	<i>23</i>	799,467	6,217	6,789
Tax recoverable		–	–	2,638
Cash and bank balances	<i>21</i>	178,132	55,866	50,044
		<u>2,500,879</u>	<u>2,395,359</u>	<u>4,341,488</u>

	Notes	As at 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
CURRENT LIABILITIES				
Accounts payable	22	11,853	363	1,322
Other payables and accruals		2,021	1,560	3,454
Interest-bearing other borrowings	24	303,506	208,731	320,255
Amount due to the ultimate holding company	23	3,442,008	1,059	–
Tax payable		2,852	2,771	–
Total current liabilities		<u>3,762,240</u>	<u>214,484</u>	<u>325,031</u>
NET CURRENT ASSETS/ (LIABILITIES)		<u>(1,261,361)</u>	<u>2,180,875</u>	<u>4,016,457</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(1,245,982)</u>	<u>2,203,284</u>	<u>4,111,563</u>
NON-CURRENT LIABILITY				
Deferred tax liability	25	–	–	42,289
NET ASSETS/(LIABILITIES)		<u>(1,245,982)</u>	<u>2,203,284</u>	<u>4,069,274</u>
EQUITY/(DEFICIENCY IN ASSETS)				
Equity attributable to owners of FCL				
Issued capital	26	–	–	–
Reserves	27(a)	<u>(1,245,982)</u>	<u>2,203,284</u>	<u>4,069,274</u>
Total equity/(net deficiency in assets)		<u>(1,245,982)</u>	<u>2,203,284</u>	<u>4,069,274</u>

I. FINANCIAL INFORMATION

(d) Combined statements of changes in equity

		Attributable to owners of FCL									
		Share		Available- for-sale investment		Capital		Non- controlling		Total	
Notes	Issued capital	premium account	Merger reserve	revaluation reserve	Distributable reserve	contribution reserve	Accumulated losses	Total	interest	equity	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			(note 27(b))			(note 27(c))					
	As at 1 April 2012	-	-	25,000	-	371	24,360	(1,541,901)	(1,492,170)	15,878	(1,476,292)
	Profit/(loss) for the year	-	-	-	-	-	-	248,945	248,945	(80)	248,865
	Other comprehensive income/(loss) for the year:										
	An available-for-sale investment: 16										
	Change in fair values	-	-	-	17,068	-	-	-	17,068	-	17,068
	Impairment loss reclassified to the combined income statements	-	-	-	1,398	-	-	-	1,398	-	1,398
	Reclassification of cumulative gains to the combined income statements upon disposal	-	-	-	(18,466)	-	-	-	(18,466)	-	(18,466)
	Total comprehensive income/(loss) for the year	-	-	-	-	-	-	248,945	248,945	(80)	248,865
	Acquisition of additional interest in a subsidiary 28(a)	-	-	-	-	(2,757)	-	-	(2,757)	(15,798)	(18,555)
	At 31 March 2013 and 1 April 2013	-	-*	25,000*	-*	(2,386)*	24,360*	(1,292,956)*	(1,245,982)	-	(1,245,982)
	Profit for the year	-	-	-	-	-	-	583,174	583,174	-	583,174
	Other comprehensive income for the year:										
	An available-for-sale investment: 16										
	Change in fair value	-	-	-	16,521	-	-	-	16,521	-	16,521
	Total comprehensive income for the year	-	-	-	16,521	-	-	583,174	599,695	-	599,695

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Attributable to owners of FCL											
Notes	Issued capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Available-for-sale investment		Capital contribution		Accumulated losses HK\$'000	Non-controlling interest Total HK\$'000	Total equity HK\$'000	
				revaluation reserve HK\$'000	Distributable reserve HK\$'000	reserve HK\$'000	reserve HK\$'000				
			(note 27(b))			(note 27(c))					
Issue of new shares	26(c)	-	38,000	-	-	-	-	-	38,000	-	38,000
Capital contribution by the ultimate holding company		-	-	-	-	-	2,811,571	-	2,811,571	-	2,811,571
At 31 March 2014		-	38,000*	25,000*	16,521*	(2,386)*	2,835,931*	(709,782)*	2,203,284	-	2,203,284
At 1 April 2014		-	38,000	25,000	16,521	(2,386)	2,835,931	(709,782)	2,203,284	-	2,203,284
Profit for the year		-	-	-	-	-	-	429,395	429,395	-	429,395
Other comprehensive income for the year:											
An available-for-sale investment:	16										
Change in fair values		-	-	-	5,495	-	-	-	5,495	-	5,495
Total comprehensive income for the year		-	-	-	5,495	-	-	429,395	434,890	-	434,890
Issue of new shares	26(d)	-	1,431,100	-	-	-	-	-	1,431,100	-	1,431,100
At 31 March 2015		-	1,469,100*	25,000*	22,016*	(2,386)*	2,835,931*	(280,387)*	4,069,274	-	4,069,274

* These reserve accounts comprise the combined debit reserve of HK\$1,245,982,000 in the combined statement of financial position as at 31 March 2013 and credit reserves of HK\$2,203,284,000 and HK\$4,069,274,000 in the combined statements of financial position as at 31 March 2014 and 2015.

I. FINANCIAL INFORMATION

(e) Combined statements of cash flows

	Notes	Year ended 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		250,657	585,920	472,211
Adjustments for:				
Finance costs	9	24,723	16,563	7,705
Interest income		(33,390)	(33,032)	(54,049)
Depreciation	8	1,258	1,188	1,120
Fair value gains on investments at fair value through profit or loss, net		(186,340)	(395,954)	(551,285)
Gain on disposal of an available-for-sale investment	7	(18,466)	–	–
Gain on redemption of a note receivable	7	–	(77)	–
Loss on disposal/write-off of items of property, plant and equipment	8	19	134	4
Impairment of an available-for-sale investment	8	1,398	–	–
Impairment of a loan receivable	8	–	2,000	–
		39,859	176,742	(124,294)
Decrease/(increase) in accounts receivable		(82,345)	(40,351)	8,462
Increase in loans receivable		(3,993)	(293,137)	(24,689)
Decrease/(increase) in prepayments, deposits and other receivables		(38)	168	(48,658)
Increase in investments at fair value through profit or loss		(302,576)	(60,613)	(1,298,433)
Increase/(decrease) in accounts payable		9,549	(11,490)	959
Increase/(decrease) in other payables and accruals		(311)	(461)	1,807
Decrease/(increase) in amount due from the immediate holding company		(61)	135	(43)
Decrease/(increase) in amounts due from fellow subsidiaries		5	799,466	(572)
Increase/(decrease) in amount due to the ultimate holding company		332,205	(638,256)	(3,489)

	Notes	Year ended 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Cash used in operations		(7,706)	(67,797)	(1,488,950)
Interest received		5,515	5,235	27,204
Interest paid		(3,818)	(4,495)	(8,045)
Income tax paid		(1,184)	(2,879)	(5,990)
Net cash flows used in operating activities		(7,193)	(69,936)	(1,475,781)
Net cash flows used in operating activities		(7,193)	(69,936)	(1,475,781)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property, plant and equipment	14	(1,172)	(153)	(165)
Proceeds from disposal of an available-for-sale investment		32,775	–	–
Proceeds from redemption of a note receivable	19	–	7,788	–
Acquisition of a subsidiary	28(b)	–	–	(5,381)
Purchase of available-for-sale investments		–	–	(67,459)
Net cash flows from/(used in) investing activities		31,603	7,635	(73,005)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of new shares	26(c)/(d)	–	38,000	1,431,100
Drawdown of other borrowings		514,012	570,416	320,492
Repayment of other borrowings		(474,024)	(606,690)	(208,628)
Decrease in margin loan borrowings, net		(8,959)	(61,691)	–
Net cash flows from/(used in) financing activities		31,029	(59,965)	1,542,964
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of each of the Relevant Periods		122,693	178,132	55,866
CASH AND CASH EQUIVALENTS AT END OF EACH OF THE RELEVANT PERIODS		178,132	55,866	50,044
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		178,132	55,866	50,044

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

FCL is an exempted company with limited liability incorporated in the Cayman Islands on 28 June 2013. The registered office of FCL is located at Suite#4-210, Governors Square, 23 Lime Tree Bay Avenue, P.O. Box 32311, Grand Cayman KY1-1209, Cayman Islands. The principal place of business of FCL is located at Room 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

FCL is an investment holding company. During the Relevant Periods, the FCL Group were principally engaged in the financial services sector, including the provision of securities and futures brokerage services, the provision of insurance brokerage and financial planning services, the provision of corporate finance advisory services, trading of securities, the provision of finance, and the provision of management services, as well as investment holding.

FCL and its subsidiaries comprising the FCL Group during the Relevant Periods underwent the Reorganisation as set out in the paragraph headed “Information on FCL” in the Letter from the Board to the Circular. FCL became the holding company of the subsidiaries comprising the FCL Group upon the completion of the Reorganisation.

As at the end of the Relevant Periods, FCL had direct and indirect interests in the following subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to FCL		Principal activities
			Direct	Indirect	
Ambition Union Limited ⁽¹⁾⁽³⁾	British Virgin Islands/Hong Kong 9 November 2010	US\$20,000,000	24%	76%	Investment holding
Asia Hunter Global Limited ⁽¹⁾	British Virgin Islands/Hong Kong 2 July 1999	US\$1	–	100%	Investment holding
Citizens Freeman Money Lending Corporation Limited (formerly known as “Freeman Dynasty Money Lending Corporation Limited”) ⁽²⁾⁽³⁾	Hong Kong 31 May 2011	HK\$10,000	–	100%	Provision of finance
Classic Rank Limited ⁽¹⁾	British Virgin Islands/Hong Kong 10 October 2000	US\$1	–	100%	Investment holding
Dynastic Union Limited ⁽¹⁾⁽³⁾	British Virgin Islands/Hong Kong 21 January 2011	US\$1	–	100%	Investment holding
Eastern Sunny Limited ⁽⁴⁾	Hong Kong 27 November 2000	HK\$2	–	100%	Provision of management services

Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to FCL		Principal activities
			Direct	Indirect	
Freeman Agency Services Limited (formerly known as "Loyal Epoch Limited") ⁽¹⁾	British Virgin Islands/Hong Kong 8 January 1999	US\$2	–	100%	Investment holding
Freeman Asset Management Limited ⁽⁴⁾	Hong Kong 16 June 2014	HK\$1	–	100%	Investment holding
Freeman China Limited ⁽⁴⁾	Hong Kong 10 December 2005	HK\$1	–	100%	Inactive
Freeman Commodities Limited ⁽¹⁾	British Virgin Islands/Hong Kong 3 June 2014	US\$1	–	100%	Investment holding
Freeman Commodities Limited (formerly known as "HEC Commodities Limited") ⁽⁶⁾	Hong Kong 16 June 1981	HK\$15,000,000	–	100%	Provision of futures brokerage services
Freeman Corporate Finance Limited ^{(1) (3)}	British Virgin Islands/Hong Kong 16 February 2012	US\$1	–	100%	Investment holding
Freeman Corporate Finance Limited ^{(3) (4)}	Hong Kong 17 February 2012	HK\$200,000	–	100%	Provision of corporate finance advisory services
Freeman Corporation Limited ⁽⁴⁾	Hong Kong 7 September 2010	HK\$1	–	100%	Investment holding
Freeman Dynasty Services Company Limited ^{(2) (3)}	Hong Kong 31 May 2011	HK\$10,000	–	100%	Provision of management services
Freeman Financial Investment Limited ⁽⁴⁾	Hong Kong 19 September 2011	HK\$1	–	100%	Inactive
Freeman Futures Limited (formerly known as "Freeman Commodities Limited") ⁽⁴⁾	Hong Kong 16 June 2014	HK\$1	–	100%	Inactive

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Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to FCL		Principal activities
			Direct	Indirect	
Freeman Insurance Services Limited ⁽⁴⁾	Hong Kong 19 September 2011	HK\$1	–	100%	Inactive
Freeman International Limited ⁽⁴⁾	Hong Kong 10 December 2005	HK\$1	–	100%	Inactive
Freeman Investment Management Limited ^{(1) (3)}	British Virgin Islands/Hong Kong 18 October 2007	US\$1	–	100%	Investment holding
Freeman Investment Management Limited ^{(3) (4)}	Hong Kong 1 November 2011	HK\$180,000	–	100%	Inactive
Freeman Investment Services Limited ⁽⁴⁾	Hong Kong 19 September 2011	HK\$1	–	100%	Investment holding
Freeman Money Lending Corporation Limited ^{(3) (4)}	Hong Kong 21 January 2011	HK\$1	–	100%	Provision of finance
Freeman Nominee Services Limited (formerly known as “Sharp Assets Limited”) ⁽⁴⁾	Hong Kong 6 June 2006	HK\$1	–	100%	Inactive
Freeman Securities Limited (“FSL”) ^{(2) (3)}	Hong Kong 12 July 2007	HK\$408,000,000	–	100%	Securities brokerage, placing, underwriting, margin financing and trading of securities
Freeman Union Limited ⁽¹⁾	British Virgin Islands/Hong Kong 11 December 2013	–	–	100%	Investment holding
Freeman United Investments Limited ^{(3) (4)}	Hong Kong 22 December 2010	HK\$1	–	100%	Investment holding
FU Securities Limited ^{(1) (3)}	British Virgin Islands/Hong Kong 21 January 2011	US\$1	–	100%	Investment holding
Gold Glory Limited ⁽¹⁾	British Virgin Islands/Hong Kong 6 January 2015	US\$1	–	100%	Provision of finance
Hansom Finance Limited ⁽⁴⁾	Hong Kong 1 November 2000	HK\$2	–	100%	Provision of finance

Company name	Place and date of incorporation and place of operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to FCL		Principal activities
			Direct	Indirect	
Harvest Financial Services Limited ^{(1) (3)}	British Virgin Islands/Hong Kong 8 November 2011	US\$1	–	100%	Investment holding
Harvest Financial Services Limited ^{(3) (4)}	Hong Kong 7 November 2011	HK\$200,000	–	100%	Provision of insurance brokerage services, financial planning and related services
Prime Kingdom Limited ⁽⁴⁾	Hong Kong 27 November 2000	HK\$2	–	100%	Inactive
Smart Jump Corporation ⁽⁵⁾	British Virgin Islands/Hong Kong 8 November 1999	US\$1	–	100%	Trading in securities
Smart Jump Corporation (“Smart Jump”) ⁽¹⁾	Marshall Islands/Hong Kong 5 November 2014	HK\$1	–	100%	Investment holding
Supreme Host Holdings Limited ⁽⁴⁾	Hong Kong 18 January 2007	HK\$1	–	100%	Provision of management services
Wealth Union Finance Limited ^{(1) (3)}	British Virgin Islands/Hong Kong 21 January 2011	US\$1	–	100%	Investment holding

Notes:

- (1) No audited financial statements have been prepared for these entities for the years ended 31 March 2013, 2014 and 2015 (or since date of incorporation, where later than the beginning of the Relevant Periods) as these entities were not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.
- (2) The statutory financial statements of these entities for the years ended 31 March 2013, 2014 and 2015 (or since date of incorporation, where later than the beginning of the Relevant Periods) prepared under HKFRSs were audited by Chung & Yeung.
- (3) These entities have adopted 31 December as their financial year end date.
- (4) The statutory financial statements of these entities for the years ended 31 March 2013, 2014 and 2015 (or since date of incorporation, where later than the beginning of the Relevant Periods) prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (5) The financial statements of this entity for the years ended 31 March 2013, 2014 and 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.
- (6) The statutory financial statements of the entity for the years ended 2013 and 2014 prepared under HKFRSs were audited by Jonten Hopkins CPA Limited while the statutory financial statements for the year ended 31 March 2015 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as explained in the paragraph headed “Information on FCL” in Letter from the Board to the Circular, FCL became the holding company of the companies comprising the FCL Group on 8 August 2013. The companies comprising the FCL Group were under the common control of the Company before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The combined income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the FCL Group for the Relevant Periods include the results and cash flows of all companies comprising the FCL Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Company, where this is a shorter period. The combined statements of financial position of the FCL Group as at 31 March 2013, 2014 and 2015 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Company’s perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than the Company and changes therein, prior to the Reorganisation are presented as non-controlling interest in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA, and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance, which because FCL has early adopted the revised Rules Governing the Listing of Securities (the “Listing Rules”) issued by the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), are these of the Hong Kong Companies Ordinance (Cap. 622). All HKFRSs effective for the accounting period commencing from 1 April 2014, together with the relevant transitional provisions, have been early adopted by the FCL Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention except for available-for-sale investments and certain investments at fair value through profit or loss, which have been measured at fair value. The Financial Information is presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The FCL Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	<i>Financial Instruments</i> ⁴
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ²
Amendments to HKFRS 11	<i>Accounting for Acquisition of Interests in Joint Operations</i> ²
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
HKFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to HKAS 1	<i>Disclosure Initiative</i> ²
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs ¹
<i>Annual Improvements 2012-2014 Cycle</i>	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the FCL Group

The FCL Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Financial Information.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

This Financial Information includes the financial statements of FCL and its subsidiaries comprising the FCL Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by FCL. Control is achieved when the FCL Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the FCL Group the current ability to direct the relevant activities of the investee).

When FCL has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the FCL Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the FCL Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as FCL, using consistent accounting policies.

As explained in note 2.1 of Section II above, the acquisition of subsidiaries under common control has been accounted for using the merger accounting. The acquisition of subsidiaries not under common control is accounted for using the acquisition method as explained below under "Business combinations and goodwill".

Profit or loss and each component of other comprehensive income are attributed to the owners of FCL of the FCL Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the FCL Group are eliminated in full on combination.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the FCL Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the income statement. The FCL Group's share of components previously recognised in other comprehensive income is reclassified to the income statement or retained profits, as appropriate, on the same basis as would be required if the FCL Group had directly disposed of the related assets or liabilities.

Business combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the FCL Group, liabilities assumed by the FCL Group to the former owners of the acquiree and the equity interests issued by the FCL Group in exchange for control of the acquiree. For each business combination, the FCL Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the FCL Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in the income statement or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the FCL Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in the income statement as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The FCL Group performs its annual impairment test of goodwill as at 31 March. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the FCL Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the FCL Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The FCL Group measures its available-for-sale investment and equity and debt investments at fair value at the end of each of the Relevant Periods. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the FCL Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The FCL Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the FCL Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the FCL Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the FCL Group;
 - (ii) has significant influence over the FCL Group; or
 - (iii) is a member of the key management personnel of the FCL Group or of a parent of the FCL Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the FCL Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the FCL Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the FCL Group or an entity related to the FCL Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the FCL Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms and 15%
Furniture, fixtures and equipment	15%
Computer equipment	33 $\frac{1}{3}$ %

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Trading right

Trading right represents the eligibility right to trade on or through the Stock Exchange and The Hong Kong Future Exchange with an indefinite useful life. It is carried at cost less any impairment losses.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets*Initial recognition and measurement*

Financial assets of the FCL Group are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the FCL Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by HKAS 39.

Financial assets at fair value through profit or loss are carried in the combined statements of financial position at fair value with net changes in fair value recognised in the income statement. These net fair value changes do not include any dividends on these financial assets, which are recognised in accordance with the policies set out for “Revenue recognition” below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designed at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the income statement. The loss arising from impairment is recognised in the income statement.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the income statement. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the income statement in accordance with the policies set out for “Revenue recognition” below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The FCL Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the FCL Group is unable to trade these financial assets due to inactive markets, the FCL Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to the income statement over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the FCL Group's combined statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the FCL Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the FCL Group has transferred substantially all the risks and rewards of the asset, or (b) the FCL Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the FCL Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the FCL Group continues to recognise the transferred asset to the extent of the FCL Group's continuing involvement. In that case, the FCL Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the FCL Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the FCL Group could be required to repay.

Impairment of financial assets

The FCL Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the FCL Group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the FCL Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the FCL Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the FCL Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the FCL Group assesses at the end of each of the Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the FCL Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities***Initial recognition and measurement***

Financial liabilities of the FCL Group are classified, at initial recognition, as loans and borrowings.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the combined statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the combined statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the FCL Group's cash management.

For the purpose of the combined statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside the income statement is recognised outside the income statement, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the FCL Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the FCL Group and when the revenue can be measured reliably, on the following bases:

- (a) income from the sale of equity and debt securities, on a trade-date basis;
- (b) dividend income, when the shareholders' right to receive payment has been established;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset;
- (d) insurance brokerage income, on the inception of the associated insurance policy;
- (e) corporate finance advisory income, when the relevant service has been rendered;
- (f) commission and brokerage income from securities dealings, on a trade-date basis;
- (g) underwriting and placing commission income, when the relevant service has been rendered; and
- (h) management fee income, when the relevant service has been rendered.

Employee benefits***Retirement benefit scheme***

The FCL Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the FCL Group in an independently administered fund. The FCL Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the FCL Group’s employer voluntary contributions, which are refunded to the FCL Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Foreign currencies

The Financial Information are presented in Hong Kong dollars, which is FCL’s functional and presentation currency. Each entity in the FCL Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the FCL Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or the income statement is also recognised in other comprehensive income or the income statement, respectively).

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the FCL Group’s Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of loans receivable

The FCL Group maintains an allowance for the estimated loss arising from the inability of its borrowers to make the required payments. The FCL Group makes its estimates based on the aging of its loans receivable balances, borrowers' creditworthiness and historical write-off experience. If the financial condition of its borrowers was to deteriorate so that the actual impairment loss might be higher than expected, the FCL Group would be required to revise the basis of making the allowance and its future results would be affected.

Impairment of accounts receivable

The provision for impairment of accounts receivable of the FCL Group is based on the evaluation of collectibility and the aging analysis of the receivables and on the judgement of management. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of the customers. Management reassesses the estimation regularly throughout the Relevant Periods.

Impairment of available-for-sale financial assets

The FCL Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the income statement.

Measurement of unlisted investments at fair value

The fair values of financial instruments that are not traded in an active market are estimated by management based on the valuation performed by independent qualified valuers by using valuation techniques that require various sources of information and assumptions. The carrying amounts of the FCL Group's unlisted investments at fair value through profit or loss as at 31 March 2013 and 2015 were approximately HK\$7,585,000 and HK\$84,519,000 (2014: Nil), respectively. The FCL Group also had an unlisted available-for-sale investment stated at fair value with a carrying amount of HK\$52,000,000 (2014 and 2013: Nil) as at 31 March 2015. Further details are given in notes 16 and 20 to the Financial Information.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amounts of unrecognised tax losses at 31 March 2013, 2014 and 2015 were HK\$1,335,539,000, HK\$823,783,000 and HK\$1,336,251,000. Further details are contained in note 25 to the Financial Information.

6. OPERATING SEGMENT INFORMATION

For management purposes, the FCL Group is organised into business units based on their services and has reportable operating segments as follows:

- (a) the trading of securities segment engages in the purchase and sale of securities and the securities investment;
- (b) the provision of finance segment engages in the provision of financing services in Hong Kong;
- (c) the insurance brokerage business segment engages in insurance brokerage business and the provision of financial planning and related services;
- (d) securities and futures brokerage, placing, underwriting and margin financing in Hong Kong;
- (e) the investment holding segment engages in holding investments for continuing strategic or long term purposes, primarily for their dividend income and capital appreciation and the provision of management services to the ultimate holding company and fellow subsidiaries; and
- (f) the corporate finance advisory segment engages in corporate finance advisory services and related activities.

Management monitors the results of the FCL 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 profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the FCL Group's profit/(loss) before tax except that bank and other interest income (excluding interest income from provision of finance and margin financing activities), finance costs as well as head office and corporate expenses are excluded from such measurement.

Intersegment transactions are made with reference to the prices used for services made to third parties at the then prevailing market prices.

Year ended 31 March 2013/As at 31 March 2013

	Trading of securities HK\$'000	Provision of finance HK\$'000	Insurance brokerage business HK\$'000	Securities brokerage, placing, and margin financing HK\$'000	Investment holding HK\$'000	Corporate finance advisory HK\$'000	Total HK\$'000
Segment revenue:							
Sales to external customers	44,739	4,559	626	23,842	6,720	1,935	82,421
Intersegment sales	-	-	-	-	4,320	-	4,320
	44,739	4,559	626	23,842	11,040	1,935	86,741

	Trading of securities <i>HK\$'000</i>	Provision of finance <i>HK\$'000</i>	Insurance brokerage business <i>HK\$'000</i>	Securities brokerage, placing, underwriting and margin financing <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Corporate finance advisory <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>Reconciliation:</i>							
Elimination of intersegment sales							(4,320)
Total revenue							<u>82,421</u>
Segment results	231,161	4,242	38	17,048	10,975	934	264,398
<i>Reconciliation:</i>							
Bank interest income							59
Other interest income							16,596
Corporate and other unallocated expenses							(5,673)
Finance costs							<u>(24,723)</u>
Profit before tax							<u>250,657</u>
Other segment information:							
Impairment of an available-for-sale investment	-	-	-	-	(1,398)	-	(1,398)
Depreciation							
- operating segment	-	-	-	(410)	(792)	-	(1,202)
- unallocated							<u>(56)</u>
							<u>(1,258)</u>
Capital expenditure							
- operating segment	-	-	-	940	194	-	1,134
- unallocated							<u>38</u>
							<u>1,172*</u>

* Capital expenditure represents additions to property, plant and equipment.

Year ended 31 March 2014/As at 31 March 2014

	Trading of securities HK\$'000	Provision of finance HK\$'000	Insurance brokerage business HK\$'000	Securities brokerage, placing, underwriting and margin financing HK\$'000	Investment holding HK\$'000	Corporate finance advisory HK\$'000	Total HK\$'000
Segment revenue:							
Sales to external customers	164,290	9,392	4,380	46,728	5,520	2,930	233,240
Intersegment sales	–	–	–	–	6,000	–	6,000
	164,290	9,392	4,380	46,728	11,520	2,930	239,240
<i>Reconciliation:</i>							
Elimination of intersegment sales							(6,000)
Total revenue							<u>233,240</u>
Segment results	560,071	2,726	875	41,655	(7,645)	2,897	600,579
<i>Reconciliation:</i>							
Bank interest income							11
Other interest income							7,417
Corporate and other unallocated expenses							(5,524)
Finance costs							(16,563)
Profit before tax							<u>585,920</u>
Other segment information:							
Impairment of a loan receivable	–	(2,000)	–	–	–	–	(2,000)
Depreciation							
– operating segment	–	–	–	(366)	(765)	–	(1,131)
– unallocated							(57)
							<u>(1,188)</u>
Capital expenditure							
– operating segment	–	–	–	65	88	–	153
– unallocated							–
							<u>153*</u>

* Capital expenditure represents additions to property, plant and equipment.

Year ended 31 March 2015/As at 31 March 2015

	Trading of securities HK\$'000	Provision of finance HK\$'000	Insurance brokerage business HK\$'000	Securities and futures brokerage, placing, underwriting and margin financing HK\$'000	Investment holding HK\$'000	Corporate finance advisory HK\$'000	Total HK\$'000
Segment revenue:							
Sales to external customers	(112,067)	27,662	21,585	38,592	–	9,252	(14,976)
Intersegment sales	–	–	–	–	–	–	–
	(112,067)	27,662	21,585	38,592	–	9,252	(14,976)
<i>Reconciliation:</i>							
Elimination of intersegment sales							–
Total revenue							<u>(14,976)</u>
Segment results	426,394	25,471	1,325	35,251	(272)	9,130	497,299
<i>Reconciliation:</i>							
Bank interest income							2
Other interest income							2,305
Corporate and other unallocated expenses							(19,690)
Finance costs							<u>(7,705)</u>
Profit before tax							<u>472,211</u>
Other segment information:							
Depreciation							
– operating segment	–	–	–	(349)	(745)	–	(1,094)
– unallocated							<u>(26)</u>
							<u>(1,120)</u>
Capital expenditure							
– operating segment	–	–	–	1,470	–	–	1,470
– unallocated							<u>92</u>
							<u>1,562</u>

* Capital expenditure represents additions to property, plant and equipment and intangible assets including assets from the acquisition of a subsidiary.

Geographic information

(a) The FCL Group's revenue is derived from its external customers and the ultimate holding company in Hong Kong.

(b) Non-current assets

	As at 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Hong Kong	4,224	3,055	3,493

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

Information about major customers

Included in revenue arising from major customers individually accounted for over 10% of the FCL Group's revenue for the year:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Securities brokerage, placing, underwriting and margin financing			
Customer A	3,279	–	–
Customer B	–	13,125	–
	<u>3,279</u>	<u>13,125</u>	<u>–</u>
Insurance brokerage business			
Customer C	–	–	13,249
	<u>–</u>	<u>–</u>	<u>13,249</u>

The FCL Group's dividend income, gains/(losses) from the sale of investments at fair value through profit or loss and management fee income from the ultimate holding company are excluded from total revenue for the purpose of identifying major customers of the FCL Group who accounted for over 10% of the FCL Group's revenue.

7. REVENUE, OTHER INCOME AND GAINS

Revenue represents interest income earned from provision of finance; dividend income from investments at fair value through profit or loss; net gains/(losses) from the sale of investments at fair value through profit or loss; insurance brokerage income; corporate finance advisory fee; commission and brokerage income from securities dealings; commission from underwriting and placing services; interest income on margin financing activities and management fee income from the ultimate holding company during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Notes	Year ended 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Revenue				
Interest income from provision of finance		4,559	9,392	27,662
Dividend income from investments at fair value through profit or loss		19,115	56,869	80,098
Gains/(losses) from the sale of investments at fair value through profit or loss, net (<i>note</i>)		25,624	107,421	(192,165)
Insurance brokerage income		626	4,380	21,585
Corporate finance advisory fee		1,935	2,930	9,252
Commission and brokerage income from securities dealings		1,045	3,117	4,976
Commission from underwriting and placing services		10,621	27,399	9,536
Interest income on margin financing activities		12,176	16,212	24,080
Management fee income from the ultimate holding company		6,720	5,520	–
		82,421	233,240	(14,976)
Other income and gains				
Bank interest income		59	11	2
Other interest income		931	1,201	2,305
Interest income on an amount due from a fellow subsidiary		15,665	6,216	–
Dividend handling charge and other surcharges		103	568	3,873
Gain on disposal of an available-for-sale investment	16	18,466	–	–
Gain on redemption of a note receivable	19	–	77	–
Others		614	283	921
		35,838	8,356	7,101

Note: The gross proceeds from sale of investments at fair value through profit or loss were approximately HK\$209,498,000, HK\$422,395,000 and HK\$592,101,000 for the years ended 31 March 2013, 2014 and 2015, respectively.

8. PROFIT BEFORE TAX

The FCL Group's profit before tax is arrived at after charging:

	<i>Notes</i>	Year ended 31 March		
		2013	2014	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation	<i>14</i>	1,258	1,188	1,120
Employee benefit expense (excluding FCL Director's remuneration (<i>note 10</i>)):				
Salaries and allowances		10,393	9,053	10,652
Retirement benefit scheme contributions (defined contribution schemes)*		292	256	335
		<u>10,685</u>	<u>9,309</u>	<u>10,987</u>
Auditors' remuneration		660	880	1,900
Minimum lease payments under operating leases in respect of land and buildings		7,737	7,411	7,625
Loss on disposal/write-off of items of property, plant and equipment		19	134	4
Impairment of an available-for-sale investment**	<i>16</i>	1,398	–	–
Impairment of a loan receivable**	<i>17</i>	–	2,000	–
		<u> </u>	<u> </u>	<u> </u>

* At 31 March 2013, 2014 and 2015, the FCL Group had no material forfeited contributions available to reduce its contributions to the retirement benefit schemes in future years.

** These balances are included in "Other expenses, net" in the combined income statements.

9. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interests on other loans wholly repayable within five years or on demand	9,142	7,685	7,705
Interest on an amount due to the ultimate holding company	15,581	8,878	–
	<u>24,723</u>	<u>16,563</u>	<u>7,705</u>

10. FCL DIRECTOR'S REMUNERATION

The remuneration of the FCL Director for each of the Relevant Periods, disclosed pursuant to the Listing Rules is as follows:

	Year ended 31 March		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Fee	—	—	—
Other emoluments:			
Salaries and other benefits	1,000	1,008	1,008
Pension scheme contributions (defined contribution scheme)	50	50	50
	<u>1,050</u>	<u>1,058</u>	<u>1,058</u>
	<u>1,050</u>	<u>1,058</u>	<u>1,058</u>

The remuneration of the FCL Director for each of the Relevant Periods is set out below:

	Salaries and other benefits <i>HK\$'000</i>	Retirement benefit scheme contributions <i>HK\$'000</i>	Total remuneration <i>HK\$'000</i>
Year ended 31 March 2013			
Executive director:			
Mr. Lo Kan Sun	<u>1,000</u>	<u>50</u>	<u>1,050</u>
Year ended 31 March 2014			
Executive director:			
Mr. Lo Kan Sun	<u>1,008</u>	<u>50</u>	<u>1,058</u>
Year ended 31 March 2015			
Executive director:			
Mr. Lo Kan Sun	<u>1,008</u>	<u>50</u>	<u>1,058</u>

There was no arrangement under which the FCL Director waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

For the years ended 31 March 2013, 2014 and 2015, the five highest paid employees included the FCL Director, details of whose remuneration are set out in note 10 above. Details of the remuneration of the remaining four non-director highest paid employees for each of the Relevant Periods are as follows:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Salaries and other benefits	4,216	4,138	4,185
Retirement benefit scheme contributions (defined contribution schemes)	62	78	87
	<u>4,278</u>	<u>4,216</u>	<u>4,272</u>

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Nil to HK\$500,000	1	–	–
HK\$500,001 to HK\$1,000,000	2	3	3
HK\$1,000,001 to HK\$1,500,000	–	–	–
Over HK\$1,500,000	1	1	1
	<u>4</u>	<u>4</u>	<u>4</u>

12. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for each of the Relevant Periods.

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
The FCL Group:			
Current – Hong Kong			
Charge for the year	1,792	2,800	964
Overprovision in prior year	–	(2)	(384)
Deferred (<i>note 25</i>)	–	(52)	42,236
	<u>1,792</u>	<u>2,746</u>	<u>42,816</u>
Tax charge for the year			

A reconciliation of the tax charge applicable to profit before tax at the Hong Kong statutory rate to the tax charge at the FCL Group's effective tax rate is as follows:

	Year ended 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Profit before tax	250,657	585,920	472,211
Tax charge at the Hong Kong statutory tax rate of 16.5%	41,358	96,677	77,915
Adjustments in respect of current tax of previous periods	–	(2)	(384)
Income not subject to tax	(3,744)	(9,699)	(13,967)
Expenses not deductible for tax	1,575	148	128
Temporary differences not recognised	73	62	61
Tax losses utilised from previous periods	(38,203)	(84,923)	(40,301)
Tax losses not recognised	733	483	19,364
Tax charge at the FCL Group's effective tax rate of 0.71%, 0.47% and 9.07%, respectively	1,792	2,746	42,816

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF FCL

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the FCL Group for the Relevant Periods as disclosed in note 2.1 of this section.

14. PROPERTY, PLANT AND EQUIPMENT

The FCL Group

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
31 March 2013				
At at 1 April 2012:				
Cost	182	4,962	1,236	6,380
Accumulated depreciation	(3)	(1,488)	(899)	(2,390)
Net carrying amount	179	3,474	337	3,990
At 1 April 2012, net of accumulated depreciation				
depreciation	179	3,474	337	3,990
Additions	722	182	268	1,172
Disposals/write-off	–	–	(19)	(19)
Depreciation provided during the year	(246)	(747)	(265)	(1,258)

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 March 2013, net of accumulated depreciation	655	2,909	321	3,885
At 31 March 2013:				
Cost	904	5,144	1,468	7,516
Accumulated depreciation	(249)	(2,235)	(1,147)	(3,631)
Net carrying amount	655	2,909	321	3,885
31 March 2014				
At 31 March 2013 and at 1 April 2013:				
Cost	904	5,144	1,468	7,516
Accumulated depreciation	(249)	(2,235)	(1,147)	(3,631)
Net carrying amount	655	2,909	321	3,885
At 1 April 2013, net of accumulated depreciation	655	2,909	321	3,885
Additions	–	57	96	153
Disposals/write-off	(131)	(1)	(2)	(134)
Depreciation provided during the year	(267)	(717)	(204)	(1,188)
At 31 March 2014, net of accumulated depreciation	257	2,248	211	2,716
At 31 March 2014:				
Cost	714	5,200	1,558	7,472
Accumulated depreciation	(457)	(2,952)	(1,347)	(4,756)
Net carrying amount	257	2,248	211	2,716
31 March 2015				
At 31 March 2014 and at 1 April 2014:				
Cost	714	5,200	1,558	7,472
Accumulated depreciation	(457)	(2,952)	(1,347)	(4,756)
Net carrying amount	257	2,248	211	2,716

	Leasehold improvements <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014, net of accumulated depreciation	257	2,248	211	2,716
Additions	–	2	163	165
Disposals/write-off	–	(1)	(3)	(4)
Depreciation provided during the year	(237)	(718)	(165)	(1,120)
At 31 March 2015, net of accumulated depreciation	<u>20</u>	<u>1,531</u>	<u>206</u>	<u>1,757</u>
At 31 March 2015:				
Cost	714	5,201	1,692	7,607
Accumulated depreciation	(694)	(3,670)	(1,486)	(5,850)
Net carrying amount	<u>20</u>	<u>1,531</u>	<u>206</u>	<u>1,757</u>

15. INTANGIBLE ASSETS

Trading rights

	<i>Note</i>	The FCL Group		
		2013	2014	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost at the beginning of the year		339	339	339
Acquisition of a subsidiary	28(b)	–	–	1,397
Carrying amount at 31 March		<u>339</u>	<u>339</u>	<u>1,736</u>

The trading rights have been considered to have indefinite lives because they are expected to contribute to the net cash flows of the FCL Group indefinitely, which are not amortised.

16. AVAILABLE-FOR-SALE INVESTMENTS

	The FCL Group As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed investments in Hong Kong, at fair value	1,986	18,507	39,461
Unlisted equity investment, at fair value	–	–	52,000
	<u>1,986</u>	<u>18,507</u>	<u>91,461</u>

Available-for-sale investment represented the FCL Group's investment in listed and unlisted equity securities which are neither classified as held for trading nor designated at fair value through profit and loss.

During the year ended 31 March 2013, the gross fair value gain in respect of the FCL Group's listed available-for-sale investment recognised in other comprehensive income amounted to approximately HK\$18,466,000 and such gain was reclassified from the FCL Group's available-for-sale investment revaluation reserve to the combined income statement upon the disposal of the FCL Group's listed available-for-sale investment during that year.

The FCL Director considered there was a significant decline in the market value of the listed equity investment during the year ended 31 March 2013 which indicated that the listed equity investment had been impaired and an impairment loss of HK\$1,398,000 had been reclassified from other comprehensive income to the combined income statement for the year ended 31 March 2013.

The FCL Group's listed available-for-sale investments with an aggregate carrying value as at 31 March 2013, 2014 and 2015 of approximately HK\$1,986,000, HK\$18,507,000 and HK\$32,173,000, respectively, were pledged to certain financial institutions to secure certain margin financing facilities provided to the FCL Group (note 24).

17. LOANS RECEIVABLE

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans receivable	6,034	304,540	331,995
Impairment	–	(2,000)	(2,000)
	<u>6,034</u>	<u>302,540</u>	<u>329,995</u>
Less: Balance due within one year included in current assets	<u>(4,623)</u>	<u>(301,792)</u>	<u>(329,995)</u>
Non-current portion	<u>1,411</u>	<u>748</u>	<u>–</u>

Loans receivable represent receivables arising from the provision of finance business, and bear interest at rates ranging from 1% per month or 12% per annum, 6% to 48% per annum, and 7% to 48% per annum as at 31 March 2013, 2014 and 2015, respectively. The grants of these loans were approved and monitored by the FCL Group's management.

As at 31 March 2013, loans receivable of the FCL Group were unsecured.

Except for a loan receivable with a carrying amount of HK\$20,147,000 as at 31 March 2014 and HK\$32,000,000 as at 31 March 2015, which was secured by the pledge of collateral and/or personal guarantees by certain independent third parties, all of the loans receivable as at 31 March 2014 and 2015 were unsecured.

An aging analysis of loans receivable, determined based on the age of the loans receivable since the effective drawn down date of the loans, as at the end of each of the Relevant Periods is as follows:

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loans receivable:			
Within 90 days	6,034	242,965	329,248
Within 91 to 180 days	–	8,136	–
180 days to one year	–	52,028	–
Over one year	–	1,411	2,747
	<u>6,034</u>	<u>304,540</u>	<u>331,995</u>

An aged analysis of the loans receivable (that are not considered to be impaired) as at the end of each of the Relevant Periods, based on the payment due date, is as follows:

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	<u>6,034</u>	<u>302,540</u>	<u>329,995</u>

The movements in provision for impairment of loans receivable are as follows:

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	9,000	–	2,000
Amount written off as uncollectible	(9,000)	–	–
Impairment loss recognised (<i>note 8</i>)	–	2,000	–
At 31 March	<u>–</u>	<u>2,000</u>	<u>2,000</u>

As at 31 March 2013, 2014 and 2015, included in the above provision for impairment of loans receivable was a provision for individually impaired loans receivable of Nil, HK\$2,000,000 and HK\$2,000,000 with a carrying amount of Nil, HK\$2,000,000 and HK\$2,000,000, respectively. The individually impaired loans receivable relate to a borrower that was in financial difficulties or was in default and was not expected to be recoverable.

Loans receivable that were neither past due nor impaired relate to a number of diversified borrowers for whom there was no recent history of default.

18. ACCOUNTS RECEIVABLE

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts receivable arising from the ordinary course of business of:			
– Dealing in securities			
Clearing houses	88	3,838	10,093
Cash clients	–	67	–
Margin clients	136,763	189,191	195,766
– Corporate finance business	–	350	1,754
– Insurance brokerage business	35	3	1,454
– Futures brokerage business	–	–	2,452
	<u>136,886</u>	<u>193,449</u>	<u>211,519</u>

The settlement terms of accounts receivable attributable to the dealing in securities transactions are two days after trade date except for the balances with margin clients and cash clients which are repayable on demand. The trading terms with customers of corporate finance and insurance brokerage businesses are mainly on credit, except for new customers where payment in advance is normally required. The credit period of corporate finance business and insurance brokerage business is generally 30 days, extending up to 90 days for major customers. The trading terms with customers of futures brokerage business are on a cash basis.

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

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	136,886	193,449	211,347
91 to 180 days	–	–	172
	<u>136,886</u>	<u>193,449</u>	<u>211,519</u>

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	136,886	193,449	209,351
Less than 1 month past due	–	–	1,613
1 to 3 months past due	–	–	387
Over 3 months past due	–	–	168
	<u>136,886</u>	<u>193,449</u>	<u>211,519</u>

As at 31 March 2013, 2014 and 2015, except for margin loans receivable of HK\$136,763,000, HK\$189,191,000 and HK\$195,766,000, respectively, which were secured by underlying equity securities, the FCL Group did not hold any collateral or other credit enhancements over these balances.

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

Accounts receivable as at 31 March 2013, 2014 and 2015 relate to a number of independent clients that have a good track record with the FCL Group and were not impaired. Based on past experience, the FCL Director was of the opinion that no provision for impairment was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable as at 31 March 2013, 2014 and 2015.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Prepayments and deposits	1,253	831	49,888
Other receivables	8,039	582	1,802
	<u>9,292</u>	<u>1,413</u>	<u>51,690</u>
Less: Long term note receivable	(7,711)	–	–
Current portion	<u>1,581</u>	<u>1,413</u>	<u>51,690</u>

Other receivables balances are neither past due nor impaired and the FCL Director is of the opinion that these balances are fully recoverable.

The long term note receivable of the FCL Group bears interest at a fixed rate of 6% per annum with maturity due in February 2015. The note receivable was redeemed by the note issuer at a cash consideration of approximately HK\$7,788,000 during the year ended 31 March 2014, giving rise to a gain on redemption of approximately HK\$77,000, which was recognised under “Other income and gains” in the combined income statement for the year.

20. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity investments, at market value:			
Hong Kong	1,355,049	1,811,288	3,601,798
Singapore	17,398	19,609	–
Listed debt investment, at market value:			
Singapore	–	5,702	–
	1,372,447	1,836,599	3,601,798
Unlisted debt investments, at fair value	7,585	–	84,519
	<u>1,380,032</u>	<u>1,836,599</u>	<u>3,686,317</u>

The investments as at 31 March 2013, 2014 and 2015 were classified as held for trading. The FCL Group’s investments at fair value through profit or loss with an aggregate carrying value as at 31 March 2013, 2014 and 2015 of approximately HK\$1,380,032,000, HK\$1,836,599,000 and HK\$3,318,654,000 were pledged to certain financial institutions to secure certain margin financing facilities provided to the FCL Group (note 24) for the years ended 31 March 2013, 2014 and 2015, respectively. Details of subsequent events of investment at fair value through profit or loss are set out in note 37(a).

21. CASH AND BANK BALANCES

	The FCL Group		
	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	<u>178,132</u>	<u>55,866</u>	<u>50,044</u>

As at 31 March 2013, 2014 and 2015, all the cash and bank balances of the FCL Group were denominated in Hong Kong dollars.

Certain cash at banks of the FCL Group earns interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate to their fair values.

The FCL Group maintains trust accounts with authorised institutions in respect of clients' monies arising from the course of securities trading and the respective financing services. As at 31 March 2013, 2014 and 2015, HK\$2,530,000, HK\$6,326,000 and HK\$5,286,000 was held by the FCL Group on behalf of the clients in the trust accounts, respectively. The client monies at the end of each of the Relevant Periods were not included in the FCL Group's balances of cash and bank balances.

22. ACCOUNTS PAYABLE

The balances as at 31 March 2013, 2014 and 2015 were aged within 90 days.

23. BALANCES WITH FELLOW SUBSIDIARIES/THE IMMEDIATE HOLDING COMPANY/THE ULTIMATE HOLDING COMPANY

Except for an amount due from a fellow subsidiary as at 31 March 2013 of HK\$798,928,000, which bore interest at 2% per annum, the remaining balances due from fellow subsidiaries as at 31 March 2013, 2014 and 2015 were unsecured, interest-free and had no fixed terms of repayment.

The amount due from the immediate holding company at the end of each of the Relevant Periods was unsecured, interest-free and had no fixed terms of repayment.

Except for an amount due to the ultimate holding company as at 31 March 2013 of HK\$850,228,000 which bore interest rates ranging from 2% to 2.5% per annum, the remaining balances with the ultimate holding company as at 31 March 2013, 2014 and 2015 were unsecured, interest-free and repayable on demand or within twelve months from the end of each of the Relevant Periods.

24. INTEREST-BEARING OTHER BORROWINGS

The FCL Group

	As at 31 March								
	2013			2014			2015		
	Effective interest rate (%) p.a.	Maturity	HK\$'000	Effective interest rate (%) p.a.	Maturity	HK\$'000	Effective interest rate (%) p.a.	Maturity	HK\$'000
Current									
Other borrowings									
– secured (note (b))	2.11 – 3.24	2013	176,300	1.89 – 2.65	2014	175,848	2.43 – 3.19	2015	130,000
– secured (note (b))	1.90 – 7.24	On demand	127,206	1.76 – 7.24	On demand	32,883	7.24	On demand	70,255
– unsecured (note (c))	N/A	N/A	–	N/A	N/A	–	7.50	2015	120,000
			<u>303,506</u>			<u>208,731</u>			<u>320,255</u>

The FCL Group

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Analysed into:			
Margin loan borrowings repayable on demand	127,206	32,883	70,255
Other borrowings repayable within one year	176,300	175,848	250,000
	<u>303,506</u>	<u>208,731</u>	<u>320,255</u>

Notes:

- (a) All borrowings of the FCL Group at the end of the each of the Relevant Periods were denominated in Hong Kong dollars.
- (b) At 31 March 2013, 2014 and 2015, the FCL Group's margin loans and other borrowings of HK\$303,506,000, HK\$208,731,000 and HK\$200,255,000, respectively, were secured by the FCL Group's listed available-for-sale investment with aggregate carrying values of approximately HK\$1,986,000, HK\$18,507,000 and HK\$32,173,000, respectively, investments at fair value through profit or loss with aggregate carrying values of approximately HK\$1,380,032,000, HK\$1,836,599,000 and HK\$3,318,654,000, respectively (notes 16 and 20).
- (c) The unsecured other borrowing of HK\$120,000,000 bore interest at 7.5% per annum and was fully repaid in April 2015.

25. DEFERRED TAX

The movements in deferred tax liability and assets during the Relevant Periods are as follows:

The FCL Group**Deferred tax liability**

	Temporary difference related to unrealised fair value gains of investments at fair value through profit or loss		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of year	–	–	–
Deferred tax charged to the combined income statements during the year (<i>note 12</i>)	–	–	42,289
Deferred tax liability at end of the year	<u>–</u>	<u>–</u>	<u>42,289</u>

Deferred tax assets

	Temporary difference related to depreciation in excess of related depreciation allowances		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At beginning of year	47	47	99
Deferred tax credited to the combined income statements during the year (<i>note 12</i>)	–	52	53
Deferred tax assets at end of the year	<u>47</u>	<u>99</u>	<u>152</u>

At 31 March 2013, 2014 and 2015, the FCL Group had tax losses arising in Hong Kong of approximately HK\$1,335,539,000, HK\$823,783,000 and HK\$1,336,251,000, subject to the agreement by the Hong Kong Inland Revenue Department, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised at the end of each of the Relevant Periods in respect of these losses as they have arisen in companies that have been loss-making for some time or due to the unpredictability of future profit streams of those companies, and accordingly, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

26. SHARE CAPITAL

FCL is an exempted company with limited liability incorporated in the Cayman Islands on 28 June 2013 with an authorised share capital of US\$50,000, divided into 50,000 ordinary shares of US\$1 each.

There was no authorised and issued capital as at 31 March 2013 since FCL has not yet been incorporated.

A summary of the movements in FCL's issued capital and share premium account is as follows:

	<i>Notes</i>	Number of shares in issue	Issued capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Total <i>HK\$'000</i>
At the date of incorporation on 28 June 2013	<i>(a)</i>	1	–	–	–
Share subdivision	<i>(b)</i>	19,999,999	–	–	–
Issue of new shares	<i>(c)</i>	<u>740,849,120</u>	–	<u>38,000</u>	<u>38,000</u>
At 31 March 2014 and 1 April 2014		760,849,120	–	38,000	38,000
Issue of new shares	<i>(d)</i>	<u>496,344,827</u>	–	<u>1,431,100</u>	<u>1,431,100</u>
At 31 March 2015		<u>1,257,193,947</u>	<u>–</u>	<u>1,469,100</u>	<u>1,469,100</u>

Notes:

- (a) On the date of incorporation, 1 ordinary share of US\$1 was issued at par as the subscriber's share for cash.
- (b) On 12 August 2013, FCL subdivided its 50,000 authorised ordinary shares of US\$1 each into 1,000,000,000,000 authorised ordinary shares of US\$0.00000005 each. Accordingly, the existing ordinary share of US\$1 each issued on the date of incorporation was subdivided into 20,000,000 ordinary shares of US\$0.00000005 each.
- (c) FCL allotted and issued 740,849,120 ordinary shares of US\$0.00000005 each on 16 December 2013 to its immediate holding company at HK\$38,000,000, giving rise to an increase in share premium of approximately HK\$38,000,000.
- (d) During the year ended 31 March 2015, FCL allotted and issued an aggregate of 496,344,827 ordinary shares of US\$0.00000005 each to certain independent third parties for an aggregate proceeds of approximately HK\$1,431,100,000, giving rise to an increase in share premium of approximately HK\$1,431,100,000.

27. RESERVES**(a) The FCL Group**

The amounts of the FCL Group's reserves and the movements therein for each of the Relevant Periods are presented in the combined statements of changes in equity under Section I of this report.

(b) Merger reserve

The merger reserve represents reserves arising from the Reorganisation.

(c) Capital contribution reserve

Capital contribution of HK\$2,811,571,000 during the year ended 31 March 2014 represented the capitalisation of amount due to the ultimate holding company by the FCL Group.

28. BUSINESS COMBINATION AND TRANSACTIONS WITH NON-CONTROLLING INTEREST**(a) Acquisition of additional interest in FSL**

In March 2013, the FCL Group acquired an additional 8.77% equity interest in FSL from an independent third party, and the FCL Group's ownership interest in FSL was increased from 91.23% to 100%. The consideration for the acquisition was satisfied by cash of HK\$5,115,000 paid on behalf by the ultimate holding company and the allotment and issue of 105,000,000 ordinary shares of the ultimate holding company as described in note 29 to the Financial Information. The carrying amount of the acquired non-controlling interest in FSL at acquisition was approximately HK\$15,798,000. The FCL Group recognised a decrease in non-controlling interest of approximately HK\$15,798,000 and a decrease in distributable reserve attributable to owner of FCL of approximately HK\$2,757,000. The effect of the change in the FCL Group's ownership interest in FSL on the equity attributable to owner of FCL during the year ended 31 March 2013 is summarised as follows:

	<i>HK\$'000</i>
Carrying amount of non-controlling interest acquired	15,798
Fair value of total consideration paid	<u>(18,555)</u>
Difference recognised in distributable reserve attributable to owner of FCL	<u><u>(2,757)</u></u>

(b) Acquisition of 100% interest of Freeman Commodities Limited

In February 2015, the FCL Group acquired a 100% interest of Freeman Commodities Limited, from an associate of a joint venture of the immediate holding company of FCL. Freeman Commodities Limited is engaged in the provision of futures brokerage services. The acquisition was made as part of the FCL Group's strategy to create a one-stop financial conglomerate to provide a more comprehensive range of financial services. The purchase consideration for the acquisition was in the form of cash, with HK\$10,000,000 paid in advance in June 2014.

The fair values of the identifiable assets and liabilities of Freeman Commodities Limited as at the date of acquisition were as follows:

	<i>Note</i>	Fair value recognised on acquisition <i>HK\$'000</i>
Intangible asset	<i>15</i>	1,397
Accounts receivable		2,452
Prepayments, deposits and other receivables		1,619
Bank balances		4,619
Other payables and accruals		<u>(87)</u>
Total identifiable net assets at fair value		<u><u>10,000</u></u>
Satisfied by cash		<u><u>10,000</u></u>

The fair values of the accounts receivables, and prepayments, deposits and other receivables as at the date of acquisition amounted to HK\$2,452,000 and HK\$1,619,000, respectively. The gross contractual amounts of accounts receivable, and prepayments, deposits and other receivables were HK\$2,452,000 and HK\$1,619,000, respectively.

The FCL Group incurred transaction costs of HK\$70,000 for this acquisition. These transaction costs have been expensed and are included in general and administrative expenses in the combined income statement.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash consideration	(10,000)
Bank balances acquired	<u>4,619</u>
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,381)
Transaction costs of the acquisition included in cash flows from operating activities	<u>(70)</u>
	<u><u>(5,451)</u></u>

Since the acquisition, Freeman Commodities Limited contributed a loss of HK\$33,000 to the combined profit for the year ended 31 March 2015. Freeman Commodities Limited did not contribute any revenue to the FCL Group during the year ended 31 March 2015.

Had the combination taken place at the beginning of the year, the revenue and profit of the FCL Group for the year ended 31 March 2015 would have been a debit of HK\$14,976,000 and HK\$428,068,000, respectively.

29. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2013, the consideration for the FCL Group's acquisition of 8.77% equity interest in FSL in March 2013 was agreed with the vendor at HK\$16,140,000, which was satisfied by cash of HK\$5,115,000 being paid on behalf by the ultimate holding company and allotment and issue of 105,000,000 ordinary shares of the ultimate holding company with par value of HK\$0.05 each. The share price of the ultimate holding company at the issue date of these shares was HK\$0.128 per share. The transaction was settled through the intercompany balance with the ultimate holding company.

30. PLEDGE OF ASSETS

Details of the FCL Group's interest-bearing other borrowings, which are secured by the assets of the FCL Group, are included in notes 16, 20 and 24 to the Financial Information.

31. OPERATING LEASE ARRANGEMENTS

As lessee

The FCL Group leases staff quarters and office premises under operating lease arrangements. The leases for the properties are negotiated for terms of ranging from one to two years.

The FCL Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	As at 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
Within one year	5,969	5,172	4,838
In the second year	2,631	731	2,685
	<u>8,600</u>	<u>5,903</u>	<u>7,523</u>

32. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and arrangements detailed elsewhere in the Financial Information, the FCL Group had the following material transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 March		
		2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
A fellow subsidiary:				
Interest income	(i)	15,665	6,216	–
The ultimate holding company:				
Interest expense	(ii)	15,581	8,878	–
Management fee income	(iii)	6,720	5,520	–
Associate of the ultimate holding company (including its subsidiaries):				
Commission and brokerage income from securities dealings	(iv)	–	817	111
Commission and brokerage expenses from securities dealings	(v)	1,329	1,134	1,031
Commission income from underwriting services	(vi)	–	500	–
Margin loan interest income	(vii)	1,688	5,049	682
Rental expenses	(viii)	3,963	4,566	1,389

Notes:

- (i) The interest income arose from an amount due from a fellow subsidiary, further details of the terms are disclosed in note 23 to the Financial Information.
- (ii) The interest expense arose from an amount due to the ultimate holding company, further details of the terms are disclosed in note 23 to the Financial Information.

- (iii) The management fee income was related to management services provided to the ultimate holding company. The income was charged based on terms mutually agreed between the FCL Group and the ultimate holding company.
- (iv) The commission and brokerage income were received from certain subsidiaries of an associate of the ultimate holding company. The terms and conditions associated with the dealing of securities were made according to the terms and conditions offered to external customers of that entity.
- (v) The commission and brokerage expenses were paid to a subsidiary of an associate of the ultimate holding company for securities brokerage services rendered. The terms and conditions associated with the dealing of securities were made according to the terms and conditions offered to external customers of those entities.
- (vi) The commission income was received from a subsidiary of an associate of the ultimate holding company. The terms and conditions associated with the underwriting services were according to the terms and conditions offered to external customers of that entity.
- (vii) The interest income arose from margin loans advanced to certain subsidiaries of an associate of the ultimate holding company which were charged at 12% per annum, 8.25% to 10% per annum and 8% to 10% per annum for the years ended 31 March 2013, 2014 and 2015, respectively.
- (viii) The rental expenses were related to the leasing of the FCL Group's office premises from certain subsidiaries of an associate of the ultimate holding company, of which rentals were charged at monthly fixed amounts in accordance with the underlying rental agreements.
- (b) Compensation of key management personnel of the FCL Group (including the remuneration of the FCL Director):

	As at 31 March		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Short term employee benefits	5,216	4,765	4,377
Post-employment benefits	112	114	119
	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	<u>5,328</u>	<u>4,879</u>	<u>4,496</u>

Further details of remuneration of the FCL Director are included in note 10 under Section II of this report.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of each of the Relevant Periods are as follows:

2013

The FCL Group

Financial assets

	Available- for-sale financial asset <i>HK\$'000</i>	Financial assets at fair value through profit or loss – held for trading <i>HK\$'000</i>	Loans and receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Available-for-sale investment	1,986	–	–	1,986
Note receivable	–	–	7,711	7,711
Accounts receivable	–	–	136,886	136,886
Loans receivable	–	–	6,034	6,034
Financial assets included in prepayments, deposits and other receivables	–	–	1,411	1,411
Investments at fair value through profit or loss	–	1,380,032	–	1,380,032
Amount due from the immediate holding company	–	–	158	158
Amounts due from fellow subsidiaries	–	–	799,467	799,467
Cash and bank balances	–	–	178,132	178,132
	<u>1,986</u>	<u>1,380,032</u>	<u>1,129,799</u>	<u>2,511,817</u>

Financial liabilities

	Financial liabilities at amortised cost <i>HK\$'000</i>
Accounts payable	11,853
Financial liabilities included in other payables and accruals	1,219
Interest-bearing other borrowings	303,506
Amount due to the ultimate holding company	3,442,008
	<u>3,758,586</u>

2014**The FCL Group****Financial assets**

	Available-for-sale financial asset <i>HK\$'000</i>	Financial assets at fair value through profit or loss – held for trading <i>HK\$'000</i>	Loans and receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Available-for-sale investment	18,507	–	–	18,507
Accounts receivable	–	–	193,449	193,449
Loans receivable	–	–	302,540	302,540
Financial assets included in prepayments, deposits and other receivables	–	–	1,001	1,001
Investments at fair value through profit or loss	–	1,836,599	–	1,836,599
Amount due from the immediate holding company	–	–	23	23
Amounts due from fellow subsidiaries	–	–	6,217	6,217
Cash and bank balances	–	–	55,866	55,866
	<u>18,507</u>	<u>1,836,599</u>	<u>559,096</u>	<u>2,414,202</u>

Financial liabilities

	Financial liabilities at amortised cost <i>HK\$'000</i>
Accounts payable	363
Financial liabilities included in other payables and accruals	648
Interest-bearing other borrowings	208,731
Amount due to the ultimate holding company	1,059
	<u>210,801</u>

2015**The FCL Group****Financial assets**

	Available-for-sale financial asset <i>HK\$'000</i>	Financial assets at fair value through profit or loss – held for trading <i>HK\$'000</i>	Loans and receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Available-for-sale investment	91,461	–	–	91,461
Accounts receivable	–	–	211,519	211,519
Loans receivable	–	–	329,995	329,995
Financial assets included in prepayments, deposits and other receivables	–	–	3,986	3,986
Investments at fair value through profit or loss	–	3,686,317	–	3,686,317
Amount due from the ultimate holding company	–	–	2,430	2,430
Amount due from the immediate holding company	–	–	66	66
Amounts due from fellow subsidiaries	–	–	6,789	6,789
Cash and bank balances	–	–	50,044	50,044
	<u>91,461</u>	<u>3,686,317</u>	<u>604,829</u>	<u>4,382,607</u>

Financial liabilities

	Financial liabilities at amortised cost <i>HK\$'000</i>
Accounts payable	1,322
Financial liabilities included in other payables and accruals	276
Interest-bearing other borrowings	320,255
	<u>321,853</u>

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the FCL Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

The FCL Group

	Carrying amounts		
	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Financial assets			
Available-for-sale investment	1,986	18,507	91,461
Loans receivable, non-current portion	1,411	748	–
Note receivable	7,711	–	–
Investments at fair value through profit or loss	<u>1,380,032</u>	<u>1,836,599</u>	<u>3,686,317</u>
		Fair values	
		2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
			2015 <i>HK\$'000</i>
Financial assets			
Available-for-sale investment	1,986	18,507	91,461
Loans receivable, non-current portion	1,411	748	–
Note receivable	7,711	–	–
Investments at fair value through profit or loss	<u>1,380,032</u>	<u>1,836,599</u>	<u>3,686,317</u>

Management has assessed that the fair values of accounts receivable, the current portion of loans receivable, financial assets included in prepayments, deposits and other receivables, cash and bank balances, accounts payable, financial liabilities included in other payables and accruals, interest-bearing other borrowings and balances with fellow subsidiaries, the immediate holding company and the ultimate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

The FCL Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments and reports directly to the audit committee. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity and debt investments are based on quoted market prices.

The fair value of unlisted debt investment as at 31 March 2013 and 2015 had been estimated using either Binomial or Trinomial Tree Pricing Model, based on the quoted market price of the underlying listed securities. The FCL Director believes that the estimated fair values resulting from the valuation technique, which were recorded in the combined statements of financial position, and the related changes in fair values, which were recorded in combined income statements, were reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair values of the non-current portion of loans receivable and note receivable have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the FCL Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>As at 31 March 2013:</i>				
Available-for-sale investment	1,986	–	–	1,986
Investments at fair value through profit or loss	<u>1,372,447</u>	<u>7,585</u>	<u>–</u>	<u>1,380,032</u>
	<u>1,374,433</u>	<u>7,585</u>	<u>–</u>	<u>1,382,018</u>
<i>As at 31 March 2014:</i>				
Available-for-sale investment	18,507	–	–	18,507
Investments at fair value through profit or loss	<u>1,836,599</u>	<u>–</u>	<u>–</u>	<u>1,836,599</u>
	<u>1,855,106</u>	<u>–</u>	<u>–</u>	<u>1,855,106</u>
<i>As at 31 March 2015:</i>				
Available-for-sale investment	39,461	52,000	–	91,461
Investments at fair value through profit or loss	<u>3,601,798</u>	<u>84,519</u>	<u>–</u>	<u>3,686,317</u>
	<u>3,641,259</u>	<u>136,519</u>	<u>–</u>	<u>3,777,778</u>

The FCL Group did not have any financial liabilities measured at fair value as at 31 March 2013, 2014 and 2015.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

Assets for which fair values are disclosed:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
<i>As at 31 March 2013:</i>				
Loans receivable, non-current portion	–	1,411	–	1,411
Note receivable	–	7,711	–	7,711
	<u>–</u>	<u>9,122</u>	<u>–</u>	<u>9,122</u>
<i>As at 31 March 2014:</i>				
Loans receivable, non-current portion	<u>–</u>	<u>748</u>	<u>–</u>	<u>748</u>

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The FCL Group's principal financial instruments comprise interest-bearing other borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the FCL Group's operations. The FCL Group has various other financial assets and liabilities such as accounts receivable, loans receivable, a note receivable, financial assets included in prepayments, deposits and other receivables, investments at fair value through profit or loss, available-for-sale investment, accounts payable, and financial liabilities included in other payables and accruals, and balances with fellow subsidiaries, the immediate holding company and the ultimate holding company which mainly arise directly from its operations.

The main risks arising from the FCL Group's financial instruments are interest rate risk, credit risk, liquidity risk and equity price risk. The FCL Director reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The FCL Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing financial assets and liabilities. Interest-bearing financial assets are mainly loans receivable and bank deposits primarily at floating interest rates which are mostly short term in nature whereas financial liabilities are mainly other borrowings at floating interest rates. The FCL Group's policy is to obtain the most favourable interest rate available.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the FCL Group's profit before tax (through the impact on floating rate bank deposits, loans receivable and borrowings) and the FCL Group's equity.

	The FCL Group		
	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax <i>HK\$'000</i>	Increase/ (decrease) in equity* <i>HK\$'000</i>
2013			
Hong Kong dollar	25	(715)	–
Hong Kong dollar	(25)	715	–
	<u>25</u>	<u>(715)</u>	<u>–</u>
2014			
Hong Kong dollar	25	(441)	–
Hong Kong dollar	(25)	441	–
	<u>25</u>	<u>(441)</u>	<u>–</u>
2015			
Hong Kong dollar	25	273	–
Hong Kong dollar	(25)	(273)	–
	<u>25</u>	<u>273</u>	<u>–</u>

* Excluding accumulated losses

Credit risk

The FCL Group's major exposure to credit risk relates to accounts receivable, loans receivable, a note receivable, cash and bank balances, available-for-sale investments, investments at fair value through profit or loss, financial assets included in prepayments, deposits and other receivables, and amounts due from the ultimate holding company, the immediate holding company and fellow subsidiaries arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments. The FCL Group's loans and accounts receivable arise from the ordinary course of business of the FCL Group and are closely monitored by the FCL Director on an ongoing basis. Further quantitative data in respect of the FCL Group's exposure to credit risk arising from loans and accounts receivable are disclosed in notes 17 and 18, respectively, under Section II of this report.

Liquidity risk

The FCL Group's liquidity risk is minimal in the current year and is managed by matching the raising of loans or equity funding to cover expected cash demands. The FCL Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity profile of the financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Within one year or on demand		
	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accounts payable	11,853	363	1,322
Financial liabilities included in other payables and accruals	1,219	648	309
Interest-bearing other borrowings	304,383	209,326	320,510
Amount due to the ultimate holding company	3,442,008	1,059	–
	<u>3,759,463</u>	<u>211,396</u>	<u>322,141</u>

Equity and debt price risk

Equity and debt price risk is the risk that the fair values of equity and debt securities decrease as a result of changes in the levels of relevant equity indices and the value of individual securities. The FCL Group is exposed to equity and debt price risk arising from individual equity and debt investments classified as trading investments (note 20) and available-for-sale investments (note 16). The FCL Group's listed investments are either listed on the Stock Exchange or Singapore Exchange Limited and are valued at quoted market prices at the end of each of the Relevant Periods.

The following table demonstrates the sensitivity to every 5% change in the fair values of the equity and debt investments to which the FCL Group has significant exposure at the end of the each of the Relevant Periods, with all other variables held constant and before any impact on tax. For the purpose of this analysis, for the available-for-sale equity investment, the impact is deemed to be on the available-for-sale investment revaluation reserve and no account is given for factors such as impairment which might impact the combined income statements.

	Carrying amount of investments <i>HK\$'000</i>	Change in profit before tax <i>HK\$'000</i>	Change in equity* <i>HK\$'000</i>
2013			
Investments listed in:			
– Hong Kong – held-for-trading	1,355,049	67,753	–
– Hong Kong – available-for-sale	1,986	–	99
– Singapore – held-for-trading	17,398	870	–
Unlisted investment at fair value:			
– Convertible note	<u>7,585</u>	<u>379</u>	<u>–</u>
2014			
Investments listed in:			
– Hong Kong – held-for-trading	1,811,288	90,564	–
– Hong Kong – available-for-sale	18,507	–	925
– Singapore – held-for-trading	<u>25,311</u>	<u>1,266</u>	<u>–</u>
2015			
Investments listed in:			
– Hong Kong – held-for-trading	3,601,798	180,090	–
– Hong Kong – available-for-sale	<u>39,461</u>	<u>–</u>	<u>1,973</u>

* Excluding accumulated losses

Capital management

The primary objectives of the FCL Group's capital management are to safeguard the FCL Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

The FCL Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the FCL Group may return capital to the shareholder or issue new shares. The FCL Group is not subject to any externally imposed capital requirements except for certain subsidiaries engaged in securities dealing and broking businesses and corporate finance advisory services, which are regulated entities under the Hong Kong Securities and Futures Commission (the "SFC") and a subsidiary, which is registered under the Hong Kong Insurance Companies Ordinance (the "ICO"), which are required to comply with the respective minimum capital requirements of the SFC and the ICO. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The FCL Group monitors capital using a gearing ratio, which is interest-bearing other borrowings divided by the equity attributable to owners of FCL. The gearing ratios as at the end of each of the Relevant Periods were as follows:

The FCL Group

	2013	2014	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest-bearing other borrowings	<u>303,506</u>	<u>208,731</u>	<u>320,255</u>
Equity attributable to owners of FCL	<u>(1,245,982)</u>	<u>2,203,284</u>	<u>4,069,274</u>
Gearing ratio	<u>N/A*</u>	<u>9.5%</u>	<u>7.9%</u>

* As the FCL Group had a net deficiency in assets as at 31 March 2013, the FCL Group's gearing ratio as at that date was not applicable.

36. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following tables represent details of financial instruments subject to offsetting.

2013						
Asset	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	HK\$'000	HK\$'000	HK\$'000	Financial instruments	Cash collateral pledged	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable	137,579	(693)	136,886	-	-	136,886
	<u>137,579</u>	<u>(693)</u>	<u>136,886</u>	<u>-</u>	<u>-</u>	<u>136,886</u>
Liability	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	HK\$'000	HK\$'000	HK\$'000	Financial instruments	Cash collateral pledged	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable	12,546	(693)	11,853	-	-	11,853
	<u>12,546</u>	<u>(693)</u>	<u>11,853</u>	<u>-</u>	<u>-</u>	<u>11,853</u>
2014						
Asset	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	HK\$'000	HK\$'000	HK\$'000	Financial instruments	Cash collateral pledged	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts receivable	197,381	(3,932)	193,449	-	-	193,449
	<u>197,381</u>	<u>(3,932)</u>	<u>193,449</u>	<u>-</u>	<u>-</u>	<u>193,449</u>
Liability	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
	HK\$'000	HK\$'000	HK\$'000	Financial instruments	Cash collateral pledged	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accounts payable	4,295	(3,932)	363	-	-	363
	<u>4,295</u>	<u>(3,932)</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>363</u>

2015						
Asset	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial assets <i>HK\$'000</i>	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position <i>HK\$'000</i>	Net amounts of financial assets presented in the consolidated statement of financial position <i>HK\$'000</i>	Related amounts not set off in the consolidated statement of financial position		Net amount <i>HK\$'000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Financial instruments <i>HK\$'000</i>	Cash collateral pledged <i>HK\$'000</i>	
Accounts receivable	221,185	(9,666)	211,519	-	-	211,519
Liability	Gross amounts of recognised financial liabilities <i>HK\$'000</i>	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position <i>HK\$'000</i>	Net amounts of financial liabilities presented in the consolidated statement of financial position <i>HK\$'000</i>	Related amounts not set off in the consolidated statement of financial position		Net amount <i>HK\$'000</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	Financial instruments <i>HK\$'000</i>	Cash collateral pledged <i>HK\$'000</i>	
Accounts payable	10,988	(9,666)	1,322	-	-	1,322

37. EVENTS AFTER THE RELEVANT PERIODS

Save as disclosed elsewhere in the Financial Information, the following significant events of the FCL Group occurred after the end of the Relevant Periods:

- (a) In August 2015, the FCL Group realised its investments in listed securities with carrying value as of 31 March 2015 of approximately HK\$3,318,600,000 for an aggregate gross proceeds of approximately HK\$3,089,500,000 (exclusive of transaction costs), resulting in a net realised loss of approximately HK\$229,100,000 (exclusive of transaction costs).
- (b) On 10 August 2015, FCL proposed to distribute its entire issued share capital of Smart Jump as dividend (“Dividend Shares”) to its shareholders, on pro-rata basis, pursuant to which the immediate holding company and the non-controlling shareholders are entitled to receive 6,052 and 3,948 Dividend Shares respectively. As the non-controlling shareholders elected to receive cash in lieu of the Dividend Shares from FCL, the Company has decided to take up their respective entitlements to the Dividend Shares (“Dividend Take-Up”) such that the Company indirectly owns 100% of Smart Jump. In return, the Company has issued promissory notes to the non-controlling shareholders for the settlement of the Dividend Take-Up. Upon completion of the Dividend Take-Up, Smart Jump is 100% held by Freeman Financial Investment Corporation and became an indirect wholly-owned subsidiary of the Company.

- (c) On 17 August 2015, FCL proposed to buy back an aggregate of 81,717,607 FCL Shares from HDL (representing approximately 6.50% equity interest in FCL) at HK\$1.23 per FCL Share (the “First Buy-Back Price”). The aggregate of the First Buy-Back Price for the First Buy-Back Shares is approximately HK\$100,513,000. Upon completion of the First Buy-Back, the Company will hold approximately 67.02% equity interest in FCL.

On the same date, FCL proposed to buy back an aggregate of 414,627,220 FCL Shares from Co-Lead (representing approximately 32.98% equity interest in FCL) at HK\$1.23 per FCL Share (the “Second Buy-Back Price”). The aggregate of the Second Buy-Back Price for the Second Buy-Back Shares is approximately HK\$509,991,000. Upon completion of the Second Buy-Back and cancellation of the First Buy-Back Shares and Second Buy-Back Shares, the Company will hold 100% equity interest in FCL and FCL will become an indirect wholly-owned subsidiary of the Company.

As at the date of this report, the First Buy-Back was completed on 17 August 2015, and the Second Buy-Back is subject to the Shareholders’ approval at the extraordinary general meeting to be held by the Company.

38. STATEMENTS OF FINANCIAL POSITION OF FCL

Information about the statements of financial position of FCL at the end of the Relevant Periods is as follows:

	As at 31 March		
	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000
NON-CURRENT ASSET			
Investment in a subsidiary	–	376,155	376,155
CURRENT ASSETS			
Prepayment	–	–	14
Due from subsidiaries	–	2,469,720	3,381,390
Total current assets	–	2,469,720	3,381,404
CURRENT LIABILITIES			
Due to subsidiaries	–	3,380	3,464
NET CURRENT ASSETS	–	2,466,340	3,377,940
NET ASSETS	–	2,842,495	3,754,095
EQUITY			
Issued capital	–	–	–
Reserves	–	2,842,495	3,754,095
Total equity	–	2,842,495	3,754,095

Note:

A summary of FCL's reserves is as follows:

	<i>Notes</i>	Reserves			Total <i>HK\$'000</i>
		Share premium account <i>HK\$'000</i>	Capital contribution reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	
Issue of new shares	26(c)	38,000	–	–	38,000
Capital contribution by the ultimate holding company		–	2,804,541	–	2,804,541
Loss and total comprehensive loss for the period from 28 June 2013 (date of incorporation) to 31 March 2014		–	–	(46)	(46)
At 31 March 2014 and 1 April 2014		<u>38,000</u>	<u>2,804,541</u>	<u>(46)</u>	<u>2,842,495</u>
Issue of new shares	26(d)	1,431,100	–	–	1,431,100
Loss and total comprehensive loss for the year		–	–	(519,500)	(519,500)
At 31 March 2015		<u>1,469,100</u>	<u>2,804,541</u>	<u>(519,546)</u>	<u>3,754,095</u>

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by FCL or any of the companies comprising the FCL Group in respect of any period subsequent to 31 March 2015.

Yours faithfully,

Ernst & Young

Certified Public Accountants

Hong Kong

B. MANAGEMENT DISCUSSION AND ANALYSIS OF FCL GROUP

Set out below is the management discussion and analysis on FCL Group for the years ended 31 March 2013, 2014 and 2015.

For the year ended 31 March 2013

BUSINESS REVIEW

During the year, FCL Group has acquired approximately 8.77% shareholding interest in Freeman Securities Limited (“FSL”) at a consideration of HK\$16.1 million and FSL has become a wholly owned subsidiary of FCL as at 31 March 2013.

Freeman Corporate Finance Limited (“FCFL”), a wholly owned subsidiary of FCL with principal activity in the provision of corporate finance advisory services, has obtained the license of type 6 (Advising on Corporate Finance) regulated activity under the Securities and Futures Ordinance from the Securities and Futures Commission and commenced business during the year.

As at 31 March 2013, FCL Group held a diversified portfolio of listed and unlisted debt and equity investments of approximately HK\$1,382.0 million.

FINANCIAL REVIEW

Turnover significantly increased by approximately 559.2% to HK\$82.4 million from HK\$12.5 million in 2012. Income from sale of securities included in the trading of securities segment recorded a net profit of HK\$25.6 million as certain listed securities were sold at a profit. Dividend income from trading investments and an available-for-sale investment slightly increased by approximately 2.7% to HK\$19.1 million as compared to 2012. Loan financing market continued to be competitive and interest income from provision of finance decreased by approximately 58.9% to HK\$4.6 million as compared to 2012. Income from the financial services segment, including the services of securities brokerage, placing, underwriting and margin financing, was HK\$23.8 million, representing an increase of approximately 78.9% as compared to 2012 as FCL Group had undertaken a number of sizeable underwriting, sub-underwriting, placing and sub-placing transactions during the year.

Gross profit was approximately HK\$81.9 million. The consolidated net profit attributable to shareholders of FCL for the year was HK\$248.9 million.

Other income and gains increased by approximately 64.2% to HK\$35.8 million for the year which was mainly attributable to the interest income on an amount due from a fellow subsidiary of HK\$15.7 million and net gain on disposal of an available-for-sale investment of HK\$18.5 million. FCL Group also recorded a significant unrealised fair value gain on securities held for trading of approximately HK\$186.3 million for the year.

Cost saving is a continuous aim in monitoring daily operations by FCL Group. This year, general and administrative expenses were HK\$27.3 million, representing an increase of approximately 18.2% as compared to 2012. Finance costs increased by approximately 8.3% to HK\$24.7 million for the year as more interest expenses were incurred on other borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2013, net current liabilities of FCL Group amounted to HK\$1,261.4 million and the current ratio (i.e. current assets/current liabilities) was 0.66. Cash and bank balances amounted to HK\$178.1 million.

As at 31 March 2013, FCL Group had secured other borrowings of HK\$303.5 million which were repayable on demand or within one year. The other borrowings of FCL Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's cost of funds and were made in Hong Kong dollar, and FCL Group's exposure to foreign exchange rate was minimal. FCL Group did not have any financial instruments used for hedging purpose.

FCL Group's assets portfolio is mainly financed by fundings from the ultimate holding company. As at 31 March 2013, the Group had an amount due to the ultimate holding company of HK\$3,442.0 million. In light of the fundings from the ultimate holding company and banking facilities available, FCL Group has sufficient financial resources to meet its ongoing operational requirements.

PLEDGE OF ASSETS

As at 31 March 2013, investments held for trading of HK\$1,380.0 million and an available-for-sale investment of HK\$2.0 million were pledged to financial institutions to secure margin-financing facilities provided to FCL Group.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed, FCL Group did not have any other material acquisitions or disposals during the year.

CAPITAL COMMITMENTS

FCL Group had no material capital commitment at 31 March 2013.

CONTINGENT LIABILITIES

As at 31 March 2012, FCL Group had provided guarantees to banks in respect of mortgage loans borrowed by some property investment subsidiaries (which were disposed of in April 2011) for a term of one year up to April 2012, and the amount then outstanding under the mortgage loans was approximately HK\$64.5 million. These guarantees were subsequently released by the banks during the year and FCL Group had no material contingent liabilities as at 31 March 2013.

EMPLOYEE'S REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2013, FCL Group employed 24 staff members. Staff costs incurred for the year amounted to HK\$11.7 million. It was the remuneration policy of FCL Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include on-going training were structured to motivate individual performance and contributions to FCL Group. FCL has not adopted any share option scheme but operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

FCL Group continues to maintain a positive outlook on the financial services sector. With FCL Group's available resources and funding from the ultimate holding company, FCL Group will continue to grow its existing businesses as well as explore investment opportunities.

For the year ended 31 March 2014

BUSINESS REVIEW

For the year ended 31 March 2014, FCL Group continued making profits from its operations and recorded a net profit of approximately HK\$583.2 million.

As at 31 March 2014, FCL Group held a diversified portfolio of listed debt and equity investments of approximately HK\$1,855.1 million.

FINANCIAL REVIEW

Turnover significantly increased by approximately 183.0% to HK\$233.2 million from HK\$82.4 million in 2013. Income from sale of securities included in trading of securities segment recorded a net profit of HK\$107.4 million as securities were sold at better market sentiment. Dividend income from trading investments increased by approximately 197.9% to HK\$56.9 million as compared to 2013, mainly contributed by more dividends were received by FCL Group from listed securities. Interest income from provision of finance was increased by approximately 104.3% to HK\$9.4 million as compared to 2013. With increased loan portfolio of the provision of finance segment, higher interest income was resulted for the year. Income from securities brokerage, placing, underwriting and margin financing services amounted to HK\$46.7 million, representing an increase of 96.2% when compared to last year as FCL Group continued undertaking a number of sizeable underwriting and other capital markets transactions for its clients during the year.

The gross profit for the year was HK\$229.8 million, representing a substantial increase of approximately 180.6% as compared to last year. It was mainly due to increase in income from financial services and net gains from trading of securities. The consolidated net profit attributable to shareholders of FCL for the year was HK\$583.2 million.

Other income and gains decreased to HK\$8.4 million as a result of lesser interest income from a fellow subsidiary and there was no gain on disposal of an available-for-sale investment for the year. FCL Group recorded a significant unrealised fair value gain on securities held for trading of HK\$396.0 million for the year. Cost saving is a continuous aim in monitoring daily operations by FCL Group. This year, general and administrative expenses amounted to HK\$29.6 million, representing an increase of approximately 8.4% as compared to 2013.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2014, net current assets of FCL Group amounted to HK\$2,180.9 million and the current ratio (current assets/current liabilities) was 11.2. The cash and bank balances were HK\$55.9 million. As at 31 March 2014, FCL Group had secured other borrowings of HK\$208.7 million which were repayable on demand or within one year. Gearing ratio, calculated on the basis of FCL Group's interest-bearing borrowings divided by the equity attributable to owners of FCL, was 9.5% at the balance sheet date. The other borrowings of FCL Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's cost of funds were made in Hong Kong dollar and FCL Group's exposure to foreign exchange rate was minimal. FCL Group did not have any financial instruments used for hedging purpose.

FCL Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2014, FCL Group had shareholders' funds of HK\$2,203.3 million. In the light of the amount of liquid assets on hand and banking facilities available, FCL Group has sufficient financial resources to meet its ongoing operational requirements.

PLEDGE OF ASSETS

As at 31 March 2014, investments held for trading of HK\$1,836.6 million and an available-for-sale investment of HK\$18.5 million were pledged to financial institutions to secure margin-financing facilities provided to FCL Group.

MATERIAL ACQUISITIONS AND DISPOSALS

FCL Group did not have any other material acquisitions or disposals during the year.

CAPITAL COMMITMENTS

FCL Group had no material capital commitment at 31 March 2014.

CONTINGENT LIABILITIES

FCL Group had no material contingent liabilities as at 31 March 2014.

EMPLOYEE'S REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2014, FCL Group employed 29 staff members. Staff costs incurred for the year amounted to HK\$10.4 million. It was the remuneration policy of FCL Group to reward its employees with reference to their qualifications, experience and work performance as well as to market benchmarks. Remuneration packages, include on-going training were structured to motivate individual performance and contributions to FCL Group. FCL has not adopted any share option scheme but operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

FCL Group always aims to enhance its service capacity in the financial services industry. The Group will continue to look for additional opportunities to further enhance its service offering repertoire and create a one-stop financial conglomerate with comprehensive range of financial services.

For the year ended 31 March 2015

BUSINESS REVIEW

During the year, FCL Group has acquired 100% shareholding interest in Freeman Commodities Limited (formerly known as HEC Commodities Limited), which is a licensed corporation carrying out business in Type 2 (dealing in futures contracts) regulated activity as defined under the SFO, at a consideration of HK\$10 million.

Also, FCL completed certain allotment of new shares and raised aggregate net proceeds of approximately HK\$1,431.1 million.

As at 31 March 2015, FCL Group held a diversified portfolio of listed and unlisted debt and equity investments of approximately HK\$3,777.8 million.

FINANCIAL REVIEW

Turnover significantly decreased for the year and FCL Group recorded a gross loss for the year of HK\$35.2 million (2014: gross profit of HK\$229.8 million). Income from sale of investments at fair value through profit or loss included in trading of securities segment recorded a net loss of HK\$192.2 million due to the stock market volatility. Dividend income from trading investments increased by approximately 40.8% to HK\$80.1 million as compared to 2014, mainly contributed by more dividends were received by FCL Group from listed securities. Interest income from provision of finance was significantly increased by approximately 1.9 times to HK\$27.7 million as compared to 2014. With increased loan portfolio of the provision of finance segment, higher interest income was resulted for the year. Income from securities and futures brokerage, placing, underwriting and margin financing services amounted to HK\$38.6 million, representing a decrease of 17.4% when compared to last year as lesser sizeable underwriting, sub-underwriting, placing and sub-placing transactions were undertaken during the year.

The gross loss for the year was HK\$35.2 million, representing a substantial decrease of approximately 115.3% as compared to last year. It was mainly due to net losses from trading of securities. The consolidated net profit attributable to shareholders of FCL for the year was HK\$429.4 million.

Other income and gains decreased to HK\$7.1 million for the year. FCL Group also recorded significant net unrealised fair value gains on securities held for trading of HK\$551.3 million for the year. Cost saving is a continuous aim in monitoring daily operations by FCL Group. This year, general and administrative expenses amounted to HK\$43.3 million, representing an increase of approximately 46.3% as compared to HK\$29.6 million in 2014. Income tax expenses amounted to HK\$42.8 million, mainly represented the provision of deferred taxation of HK\$42.2 million for the tax effect of unrealised fair value gain on securities held for trading.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2015, net current assets of FCL Group amounted to HK\$4,016.5 million with cash and bank balances of HK\$50.0 million and the current ratio (current assets/current liabilities) was 13.4. FCL Group had secured and unsecured other borrowings of HK\$320.3 million. Gearing ratio, calculated on the basis of FCL Group's interest-bearing borrowings divided by the equity attributable to owners of FCL was 7.9%. The other borrowings of FCL Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate or lender's costs of funds were made in Hong Kong dollar. FCL Group's exposure to foreign exchange rate was minimal. FCL Group did not have any financial instruments used for hedging purpose.

FCL Group's assets portfolio is mainly financed by its shareholders' funds. As at 31 March 2015, FCL Group had shareholders' funds of HK\$4,069.3 million. During the year, FCL raised net proceeds from issue of its new shares for approximately HK\$1,431.1 million which has been used as the general working capital and additional funding on further expansion and development of financial services and securities trading businesses.

PLEDGE OF ASSETS

As at 31 March 2015, investments at fair value through profit or loss of HK\$3,318.7 million and an available-for-sale investment of HK\$32.2 million were pledged to financial institutions to secure margin-financing facilities provided to FCL Group.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed, FCL Group did not have any other material acquisitions or disposals during the year.

CAPITAL COMMITMENTS

FCL Group had no material capital commitment at 31 March 2015.

CONTINGENT LIABILITIES

FCL Group had no material contingent liabilities as at 31 March 2015.

EMPLOYEE'S REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME

As at 31 March 2015, FCL Group employed 28 staff members. Staff costs incurred for the year, including directors' remuneration, were approximately HK\$12.0 million. It was the remuneration policy of FCL Group to reward its employees with reference to their qualifications, experience and work performance as well as market benchmarks. Remuneration packages, include on-going training were structured to motivate individual performance and contributions to FCL Group. FCL has not adopted any share option scheme but operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance for its employees.

PROSPECTS

FCL Group always aims to enhance its service capacity in the financial services industry. The financial and stock markets enrich with potentials and new opportunities for FCL Group to expand and improve its businesses especially in the insurance brokerage, securities trading and money lending areas. With the completion of acquisition of a new subsidiary principally engaged in provision of futures brokerage and trading of futures business, it is expected that FCL Group could expand new sources of income. Also, FCL Group intends to launch an internet business platform to bring FCL Group to the digital age, to strengthen existing businesses, and to pursue new opportunities in the financial sources industry in order to enhance values to its shareholders.

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 March 2015 has been set out in the Annual Report 2015 of the Company which was posted on 28 July 2015 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2015:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0728/LTN20150728053.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2014 has been set out in the Annual Report 2014 of the Company which was posted on 28 July 2014 on the Stock Exchange's website (<http://www.hkexnews.hk>). Please also see below quick link to the Annual Report 2014:

<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0728/LTN20140728021.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2013 has also been set out in the comparative column of the Annual Report 2014 of the Company. Please refer to quick link to the Annual Report 2014 as above for more details.

2. INDEBTEDNESS

As at the close of business on 31 July 2015, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had borrowings amounting to approximately HK\$170.0 million, which were mainly applied to general working capital of the Group.

The following table illustrates the Group's indebtedness as at the close of business on 31 July 2015:

	<i>HK\$'000</i>
Current	
Other loan, secured	130,000
Other loan, unsecured	30,000
Non-current	
Other loan, unsecured	10,000
	<hr/>
Total borrowings	170,000
	<hr/> <hr/>

As at the close of business on 31 July 2015, the Group's total borrowings were secured by certain investments at fair value through profit or loss held by the Group with an aggregate carrying value of approximately HK\$1,493.4 million and pledged bank balances of approximately HK\$137.8 million.

Save as disclosed above and apart from intra-group liabilities and normal accounts payable in the ordinary course of business, the Group did not have any loan capital issued and outstanding or agreed to be issued, or any outstanding debt securities, bank overdrafts and liabilities under acceptances or acceptance credits or other similar borrowings, indebtedness, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 31 July 2015.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 July 2015.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the internal financial resources available to the Group, the Group have sufficient working capital for its present requirements in the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, save as disclosed in the Company's announcement dated 7 August 2015 in relation to a business update for trading of securities (the "Business Update Announcement") and information as stated in below paragraph headed "Financial and trading prospects", the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2015, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

As disclosed in the Company's Business Update Announcement, in view of the recent turmoil in the Hong Kong and global stock markets over the past few months, the proprietary trading team of the Company has forethought in realising listed securities held by the Group since April 2015. Despite of the Group's foresight, along with the stock market volatility and general trading sentiment, the Group realised its investments in listed securities with carrying value as of 31 March 2015 of approximately HK\$3,318.6 million for an aggregate gross proceeds of approximately HK\$3,089.5 million (exclusive of transaction costs), resulting an estimated net realised loss of investments at fair value through profit or loss of approximately HK\$229.1 million (exclusive of transaction costs). The proceeds from such disposals have been applied towards payment of dividends to shareholders of FCL and expansion of the Group's existing business lines. The Company will also seize the opportunities when arise for future development of its financial services business under new banner “民眾金服”.

The Group always aims to enhance its service capacity in the financial services industry. With market opportunities and potentials, the Company intends to expand and improve its businesses especially in the insurance brokerage, securities trading and money lending areas. The Company also intends to launch an internet business platform to bring the Company to the digital age, to strengthen existing businesses, and to pursue new opportunities in the financial services industry. For trading of securities business, the Group will continue to look for opportunities of potential investments in marketable securities as well as other proprietary products for capital appreciation potentials. For money lending business, the Group will continue to diversify its customer portfolio for higher interest income returns. For insurance brokerage businesses, the Group will continue to explore business opportunities and expand its service provider network for higher brokerage income returns.

With buy-back of the minority interest in FCL, the Group can strengthen its control over FCL Group and streamline its principal businesses through centralising the profits attributable to the Shareholders from FCL Group.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is an illustrative and unaudited pro forma consolidated statement of financial position of the Group (the “Unaudited Pro Forma Financial Information”), which has been prepared on the basis of the notes set out in Part B of this appendix below for the purpose of illustrating the effect of the Second Buy-Back on the financial position of the Group as if the Second Buy-Back had taken place on 31 March 2015.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to represent the true picture of the financial position of the Group as at 31 March 2015 or at any future date had the Second Buy-Back been completed on 31 March 2015.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated statement of financial position of the Group as at 31 March 2015, extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2015 as set out in the 2015 Annual Report after giving effect to the pro forma adjustments as explained in Part B of this appendix and is prepared in accordance with Rules 4.29 and 14.67(6)(a)(ii) of the Rules Governing the Listing of Securities on the Stock Exchange and with reference to Accounting Guideline (“AG”) 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants.

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. Unaudited pro forma consolidated statement of financial position

	The Group at 31 March 2015 <i>HK\$'000</i> <i>Note 1</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 2</i>	Pro forma adjustment <i>HK\$'000</i> <i>Note 3</i>	Unaudited pro forma of the Group <i>HK\$'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	1,757	–	–	1,757
Investment in an associate and a joint venture	1,000,814	–	–	1,000,814
Intangible assets	1,736	–	–	1,736
Available-for-sale investments	91,461	–	–	91,461
Deferred tax assets	152	–	–	152
	<u>1,095,920</u>	<u>–</u>	<u>–</u>	<u>1,095,920</u>
CURRENT ASSETS				
Accounts receivable	211,519	–	–	211,519
Loans receivable	329,995	–	–	329,995
Prepayments, deposits and other receivables	52,289	–	–	52,289
Investments at fair value through profit or loss	3,686,317	–	–	3,686,317
Tax recoverable	2,666	–	–	2,666
Cash and bank balances	50,659	–	–	50,659
	<u>4,333,445</u>	<u>–</u>	<u>–</u>	<u>4,333,445</u>
CURRENT LIABILITIES				
Accounts payable	1,322	–	–	1,322
Note payable	–	509,991	–	509,991
Other payables and accruals	4,423	–	510	4,933
Interest-bearing other borrowings	320,255	–	–	320,255
	<u>326,000</u>	<u>509,991</u>	<u>510</u>	<u>836,501</u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

	The Group at 31 March 2015 HK\$'000 Note 1	Pro forma adjustment HK\$'000 Note 2	Pro forma adjustment HK\$'000 Note 3	Unaudited pro forma of the Group HK\$'000
NET CURRENT ASSETS	<u>4,007,445</u>	<u>(509,991)</u>	<u>(510)</u>	<u>3,496,944</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>5,103,365</u>	<u>(509,991)</u>	<u>(510)</u>	<u>4,592,864</u>
NON CURRENT LIABILITIES				
Deferred tax liability	<u>42,289</u>	<u>-</u>	<u>-</u>	<u>42,289</u>
NET ASSETS	<u><u>5,061,076</u></u>	<u><u>(509,991)</u></u>	<u><u>(510)</u></u>	<u><u>4,550,575</u></u>
EQUITY				
Equity attributable to owners of the Company				
Issued capital	10,324	-	-	10,324
Reserves	<u>3,444,202</u>	<u>865,205</u>	<u>(510)</u>	<u>4,308,897</u>
	3,454,526	865,205	(510)	4,319,221
Non-controlling interests	<u>1,606,550</u>	<u>(1,375,196)</u>	<u>-</u>	<u>231,354</u>
Total equity	<u><u>5,061,076</u></u>	<u><u>(509,991)</u></u>	<u><u>(510)</u></u>	<u><u>4,550,575</u></u>

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP (continued)**2. Notes to the Unaudited Pro Forma Financial Information of the Group**

- (1) The consolidated statement of financial position of the Group as at 31 March 2015 is extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2015 as contained in the Company's 2015 Annual Report.
- (2) The pro forma adjustment represents the consideration for the Second Buy-Back of approximately HK\$509,991,000 which will be satisfied by a three-month zero coupon note with principal amount of approximately HK\$509,991,000 to be executed and issued by the Company in favour of Co-Lead or its nominee.

	<i>HK\$'000</i>
Net asset value of FCL Group as at 31 March 2015, before the Second Buy-Back	4,069,274*
Net asset value of FCL Group attributable to the Group before the Second Buy-Back at 60.52% ^(a)	2,462,725
Net asset value of FCL Group as at 31 March 2015, reduced by the estimated consideration for the Second Buy-Back of approximately HK\$509,991,000 ⁽⁴⁾	3,559,283
Net asset value of FCL Group attributable to the Group after completion of the Second Buy-Back at 93.50% ^{(4)(b)}	3,327,930
Estimated difference of the Group's interest in FCL Group resulting from the Second Buy-Back ^{(b)-(a)}	865,205

A change in the ownership interest of FCL Group, without a loss of control, is accounted for as an equity transaction. The estimated difference of approximately HK\$865,205,000 is recognised as a movement in the reserves of the Group.

- (3) The adjustment reflects the estimated legal and professional fees in relation to the Second Buy-Back of approximately HK\$510,000.
- (4) No adjustment has been made to the net asset value of FCL Group to reflect the transactions the Company entered into subsequent to 31 March 2015, which mainly included (i) transfer of the entire share capital of certain subsidiaries (including Hansom Finance Limited) previously held by FCL Group to wholly-owned subsidiaries of the Company; (ii) distribution of the entire share capital of Smart Jump Corporation to its shareholders and Dividend Take-Up by FFIC (details and definitions of the Dividend Take-Up are set out in the Company's announcement dated 10 August 2015); and (iii) the First Buy-Back.

* Amounts extracted from the audited combined financial statements of FCL Group for the Relevant Periods.



25 September 2015

The Board of Directors
Freeman Financial Corporation Limited
Room 2302, 23rd Floor, China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs,

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Freeman Financial Corporation Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 March 2015 and the related notes (the “Unaudited Pro Forma Financial Information”) as set out in section headed “Unaudited Pro Forma Financial Information of the Group” in Appendix III to the circular of the Company dated 25 September 2015 (the “Circular”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the shares buy back of 414,627,220 existing ordinary shares of Freeman Corporation Limited (“FCL”), an indirect subsidiary of the Group, at HK\$1.23 each from Co-Lead Holdings Limited (“Co-Lead”) (the “Second Buy-Back” as defined in the Circular) on the financial position of the Group as at 31 March 2015 as if the Second Buy-Back had been completed on 31 March 2015. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 March 2015, on which an audit report has been published.

DIRECTORS' RESPONSIBILITY FOR THE PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Second Buy-Back on unadjusted financial information of the Group as if the Second Buy-Back had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Second Buy-Back would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Second Buy-Back, and to obtain sufficient appropriate evidence about whether:

APPENDIX III UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Second Buy-Back in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) The Directors' or chief executive's interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

Based on the register kept by the Company, as at the Latest Practicable Date, the interests or short positions of each Director or chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules, were as follows:

Long Positions and Short Positions in Shares and Underlying Shares of the Company

Name of Directors	Capacity	Deemed interests		Total	Approximate percentage of the issued share capital
		Number of Shares and underlying Shares held	in number of Shares and underlying Shares		
Mr. Hui Quincy Kwong Hei	Beneficial owner	–	100,000,000	100,000,000	0.97%
Ms. Au Shuk Yee, Sue	Beneficial owner	7,375,320	–	7,375,320	0.07%
Ms. Chow Mun Yee	Beneficial owner	6,048,000	100,000,000	106,048,000	1.03%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO, including interests or short positions which they were taken or deemed to have under such provisions of the SFO, or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in the Listing Rules.

As at the Latest Practicable Date, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders' interests or short positions in the Shares and Underlying Shares

Based on the register kept by the Company, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company), had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Name of substantial Shareholders	Capacity	Number of Shares and underlying Shares held	Approximate percentage of the issued share capital
Mr. Ou Yaping (<i>Note 1</i>)	Beneficial owner	840,000,000	8.14%
Mr. Liu Andrew (<i>Note 2</i>)	Beneficial owner	1,116,848,070	10.82%

Note 1: These shares are held by Win Wind Securities Limited (formerly known as Enerchina Securities Limited) and Kenson Investment Limited, wholly-owned subsidiaries of Enerchina Holdings Limited (“Enerchina”), whereas Asia Pacific Promotion Limited (a company wholly-owned by Mr. Ou Yaping) has approximately 36.40% equity interest in Enerchina.

Note 2: These shares are held by Unitas Capital Strategic Partners I Limited which is a company wholly-owned by Mr. Liu Andrew.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Directors 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 March 2015, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of, by or leased to any member of the Group or are proposed to be acquired or disposed of, by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

5. MATERIAL CONTRACTS

There are no contracts relating to the First Buy-Back and the Second Buy-Back.

The following contracts, not being contracts entered into in the ordinary course of business, were entered into by the Group with respective parties which are, to the Directors' best knowledge and belief after having made reasonable enquiry, independent third parties (unless otherwise stated) within two years immediately preceding the date of this circular which are or may be material:

- (a) The sale and purchase agreement dated 31 July 2015 between Gold Glory Limited ("Gold Glory", an indirect non-wholly owned subsidiary of the Company) and Ristora Investments Limited, in relation to the disposal of 13 million shares of Cordoba Homes Limited, total consideration is HK\$50 million;
- (b) The sale and purchase agreement dated 31 July 2015 between Gold Glory, HDL, Ample Spring International Limited and Win Wind Resources Limited (a subsidiary of Enerchina Holdings Limited ("Enerchina") (stock code: 622)), in relation to the acquisition of 100% shareholding in Gain All Investments Limited, total consideration is HK\$85 million;

- (c) The supplemental agreements both dated 8 June 2015 between the Company and Win Wind Securities Limited (“Win Wind” (formerly known as Enerchine Securities Limited), an indirect wholly-owned subsidiary of Enerchina), in relation to the amendments of certain terms of the placing agreements dated 13 May 2015 and 22 April 2015 respectively between the same parties, there is no consideration for these supplemental agreements;
- (d) The supplemental agreement dated 15 May 2015 between the Company and Win Wind, in relation to the extension of the long stop date in the placing agreement dated 22 April 2015 between the same parties, there is no consideration for this supplemental agreement;
- (e) The placing agreement dated 13 May 2015 between the Company and Win Wind, in relation to the placing of a total of 688,275,820 unlisted warrants with mandatory exercise rights at the placing price of HK\$0.55 per warrant share to not less than six places, the gross proceeds amounted to approximately HK\$378.6 million;
- (f) The supplemental agreement dated 29 April 2015 between the Company and Win Wind, in relation to the amendments of certain terms of the placing agreement dated 22 April 2015 between the same parties, the gross proceeds from the placing of 1,376,551,640 unlisted warrants with mandatory exercise rights were revised to approximately HK\$591.9 million;
- (g) The placing agreement dated 22 April 2015 between the Company and Win Wind, in relation to the placing of a total of 1,376,551,640 unlisted warrants with mandatory exercise rights at the placing price of HK\$0.40 per warrant share to not less than six places, the gross proceeds amounted to approximately HK\$550.6 million;
- (h) The subscription agreement dated 9 February 2015 between Gold Glory and Cordoba Homes Limited, in relation to the subscription of 13 million new shares of Cordoba Homes Limited, total consideration is HK\$52 million;
- (i) The subscription agreement dated 27 October 2014 between FCL and Loyal Fine Limited (a direct wholly-owned subsidiary of Rentian Technology Holdings Limited (formerly known as Forefront Group Limited) (Stock Code: 885)), in relation to the subscription of 90 million new FCL Shares, total consideration is HK\$247.5 million;
- (j) The subscription agreement dated 26 September 2014 between FCL and Colour State Limited (a direct wholly-owned subsidiary of Dragonite International Limited (Stock Code: 329)), in relation to the subscription of 55 million new FCL Shares, total consideration is HK\$156.75 million;
- (k) The subscription agreement dated 24 September 2014 between FCL and National Investments Fund Limited (Stock Code: 1227), in relation to the subscription of 21 million new FCL Shares, total consideration is HK\$59.85 million;

- (l) The subscription agreement dated 19 September 2014 between FCL and West West Limited (an indirect wholly-owned subsidiary of China Jinhai International Group Limited (formerly known as ICube Technology Holdings Limited) (Stock Code: 139)), in relation to the subscription of 30,344,827 new FCL Shares, total consideration is HK\$88 million;
- (m) The joint venture agreement dated 20 June 2014 and the joint venture partners' agreement dated 20 June 2014, in relation to the joint venture arrangement of Freewill Holdings Limited (the "JV Company") of which Freeman Financial Services Limited (an indirect wholly-owned subsidiary of the Company) holds approximately 65.30% and Willie Link Limited (an indirect wholly-owned subsidiary of Mason) holds approximately 34.70% equity interest in the JV Company as at the date of signing these agreements, there is no consideration for the joint venture arrangement;
- (n) The conditional agreement dated 9 June 2014 between Freeman Securities Limited (an indirect non-wholly owned subsidiary of the Company), HEC Holdings Limited (a wholly-owned subsidiary of HEC Capital Limited, which is an associate of the Group as at the date of signing the conditional agreement) and Freeman Commodities Limited (formerly known as HEC Commodities Limited, another wholly-owned subsidiary of HEC Capital Limited) in relation to the sale and purchase of shares in Freeman Commodities Limited, total consideration is HK\$10 million, and which was supplemented by a supplemental agreement dated 8 December 2014 entered between the same parties to extend the long stop date in the conditional agreement with no consideration;
- (o) The subscription agreement dated 7 May 2014 between FCL and Co-Lead, in relation to the subscription of 300 million new FCL Shares, total consideration is HK\$879 million; and
- (p) The placing agreement dated 20 November 2013 entered into between HEC Securities Limited (a wholly-owned subsidiary of an associate of the Group as at the date of signing the placing agreement), the placing agent, and the Company in relation to the placing of 57,368,318 new shares under general mandate at the placing price of HK\$0.70 per share to not less than six placees, the gross proceeds amounted to approximately HK\$40.1 million.

6. LITIGATION AND POSSIBLE LEGAL ACTION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or claim of material importance and, so far as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of the Group.

7. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which competes or likely to compete, either directly or indirectly, with the business of the Group.

8. EXPERT AND CONSENT

The following is the qualifications of the expert who has given opinions or advices which are contained or referred to in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect shareholdings in any member of the Group, or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, or any interest, either directly or indirectly, in any assets which have been, since 31 March 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the date of this circular, Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of the letter or report or references to its names, including the statement of indebtedness and sufficiency of working capital, in the form and context in which they appear.

9. MISCELLANEOUS

- (a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (b) The head office and principal place of business of the Company in Hong Kong is at Room 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

- (c) The company secretary of the Company is Ms. Chow Mun Yee, who is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The Company's branch registrar and transfer office in Hong Kong is Tricor Secretaries Limited, which is located at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Room 2302, 23rd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the EGM:

- (i) the memorandum and articles of association of the Company;
- (ii) each of the material contracts as set out under the paragraph headed "Material Contracts" in this appendix;
- (iii) the annual reports of the Company for the two years ended 31 March 2014 and 2015;
- (iv) the accountants' report of FCL Group prepared by Ernst & Young, the text of which is extracted as set out in Appendix I to this circular;
- (v) the Letter from Ernst & Young regarding the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;
- (vi) the written consent from Ernst & Young as referred to in the paragraph headed "Expert and Consent" in this appendix; and
- (vii) a copy of this circular.

NOTICE OF EGM



FREEMAN FINANCIAL CORPORATION LIMITED

民眾金服控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 279)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of Freeman Financial Corporation Limited (the “Company”) will be held at 30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 15 October 2015 at 4:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. **“THAT:–**

- a) the buy-back of 414,627,220 shares of Freeman Corporation Limited (“FCL”, an indirect non-wholly owned subsidiary of the Company before the meeting) from Co-Lead Holdings Limited at HK\$1.23 per FCL’s share (the “Second Buy-Back”) and all transactions contemplated thereunder, be and are hereby approved; and
- b) the directors of the Company be and are hereby authorized for and on behalf of the Company to do all such acts, matters and thing and take all such steps as they may in their discretion consider necessary, expedient or desirable to implement and/or to give effect to the Second Buy-Back as they may in their discretion consider to be desirable and in the interests of the Company.”

By Order of the Board of
FREEMAN FINANCIAL CORPORATION LIMITED

Lo Kan Sun
Chairman

Hong Kong, 25 September 2015

NOTICE OF EGM

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal place of business in

Hong Kong:
Room 2302, 23rd Floor
China United Centre
28 Marble Road
North Point, Hong Kong

Notes:

1. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
2. Any member of the Company entitled to attend and vote at the meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend on the same occasion.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or the adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.

As at the date of this notice, the Board comprises the following Directors:–

Executive Directors

Mr. Lo Kan Sun (*Chairman*)
Mr. Hui Quincy Kwong Hei (*Managing Director*)
Ms. Au Shuk Yee, Sue
Ms. Chow Mun Yee

Independent Non-executive Directors

Mr. Cheung Wing Ping
Mr. Chung Yuk Lun
Mr. Hung Cho Sing
Dr. Agustin V. Que