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Corporate Information

Board of Directors

Executive Directors

Mr. WONG Kam Fat Tony (*Chairman*)
Mr. NG Cheuk Fan Keith (*Managing Director*)
Mr. HON Chun Yu
Mr. XIA Yingyan

Non-Executive Director

Mr. WU Ling

Independent Non-Executive Directors

Mr. CHAN Kin Sang
Mr. NG Kay Kwok
Mr. TAM B Ray Billy

Company Secretary

Ms. HAU Po Ping

Authorised Representatives

Mr. NG Cheuk Fan Keith
Ms. HAU Po Ping

Audit Committee

Mr. NG Kay Kwok (*Chairman*)
Mr. CHAN Kin Sang
Mr. TAM B Ray Billy

Remuneration Committee

Mr. TAM B Ray Billy (*Chairman*)
Mr. WONG Kam Fat Tony
Mr. NG Kay Kwok

Nomination Committee

Mr. TAM B Ray Billy (*Chairman*)
Mr. NG Cheuk Fan Keith
Mr. NG Kay Kwok

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants

Registered Office

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Head Office and Principal Place of Business in Hong Kong

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Wanchai
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Tel: (852) 3105 1863
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Principal Bankers

China Construction Bank (Asia) Corporation Limited
Chong Hing Bank Limited
Bank of Communications Co., Ltd

Cayman Islands Principal Share Registrar and Transfer Office

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
A18/F., Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai
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Stock Code

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Website

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The board (the "Board") of directors (the "Directors") of China Fortune Financial Group Limited (the "Company") announces the condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2015 (the "Period") together with the comparative figures for the corresponding period in 2014. The Group's interim results for the Period are unaudited, but have been reviewed by the audit committee of the Company (the "Audit Committee").

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2015

	Notes	Six months ended 30 September	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Turnover	3	29,141	22,088
Cost of securities brokerage and margin financing		(9,592)	(1,840)
Other revenue	5	5,129	3,314
Depreciation		(933)	(1,205)
Salaries and allowances		(18,130)	(20,362)
Change in fair value of derivative component of convertible loan notes		(901)	(973)
Reversal of impairment loss in respect of trade receivables		15,451	2,396
Impairment loss recognised in respect of trade receivables		(4,177)	(14,323)
Other operating and administrative expenses		(20,765)	(19,273)
Share of profits of associates		3,437	3,623
Share of profits of joint ventures		17	1,386
Finance costs	6	(10,484)	(7,555)
Loss before tax	7	(11,807)	(32,724)
Income tax expense	8	-	(431)
Loss for the Period		(11,807)	(33,155)
Other comprehensive (expense) income:			
Items that may be subsequently reclassified to profit or loss			
Share of other comprehensive (expense) income of associates		(2,192)	1,341
Share of other comprehensive expense of joint ventures		(141)	(756)
Exchange differences arising on translation of foreign operations		(105)	314
Other comprehensive (expense) income for the Period		(2,438)	899
Total comprehensive expense for the Period		(14,245)	(32,256)
Loss for the Period attributable to:			
Owners of the Company		(11,551)	(32,917)
Non-controlling interests		(256)	(238)
		(11,807)	(33,155)
Total comprehensive expense for the Period attributable to:			
Owners of the Company		(14,013)	(32,025)
Non-controlling interests		(232)	(231)
		(14,245)	(32,256)
		HK cent	HK cent
Loss per share	10		
Basic and diluted		(0.34)	(0.96)

Condensed Consolidated Statement of Financial Position

As at 30 September 2015

	Notes	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	11	2,872	3,026
Club membership debentures		6,610	6,610
Other non-current assets		275	230
Goodwill		3,994	3,994
Interests in associates	12	90,171	88,476
Interests in joint ventures	13	1,231	1,355
		105,153	103,691
Current assets			
Investments held for trading		18,740	20,944
Trade receivables	14	83,210	136,613
Loan receivables	15	45,102	17,064
Factoring receivables	16	3,300	3,409
Other receivables, deposits and prepayments		7,410	7,611
Derivative component of convertible loan notes		518	1,419
Amount due from a non-controlling shareholder of a subsidiary		125	125
Bank balances and cash — trust	17	242,844	107,632
Bank balances and cash — general	17	80,529	79,435
		481,778	374,252

Condensed Consolidated Statement of Financial Position

As at 30 September 2015

	Notes	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Current liabilities			
Trade payables, other payables and accruals	18	249,315	143,470
Convertible loan notes		74,193	70,641
Corporate bonds	20	11,343	10,772
Tax payable		720	720
		335,571	225,603
Net current assets			
		146,207	148,649
Total assets less current liabilities			
		251,360	252,340
Capital and reserves			
Share capital	19	341,839	341,839
Reserves		(201,224)	(187,211)
Equity attributable to owners of the Company			
Non-controlling interests		(1,013)	(781)
Total equity			
		139,602	153,847
Non-current liability			
Corporate bonds	20	111,758	98,493
		251,360	252,340

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2015

	Attributable to owners of the Company								Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Convertible loan notes equity reserve HK\$'000	Special reserve HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Other reserve HK\$'000 (Note c)	Accumulated losses HK\$'000			
For the six months ended 30 September 2015											
At 1 April 2015 (audited)	341,839	431,725	1,591	11,240	13,524	1,863	(2,315)	(644,839)	154,628	(781)	153,847
Other comprehensive income (expense) for the Period:											
— Exchange differences arising on translation of foreign operations	-	-	(129)	-	-	-	-	-	(129)	24	(105)
— Share of other comprehensive expense of joint ventures	-	-	(141)	-	-	-	-	-	(141)	-	(141)
— Share of other comprehensive expense of associates	-	-	(2,192)	-	-	-	-	-	(2,192)	-	(2,192)
Loss for the Period	-	-	-	-	-	-	-	(11,551)	(11,551)	(256)	(11,807)
Total comprehensive expense for the Period	-	-	(2,462)	-	-	-	-	(11,551)	(14,013)	(232)	(14,245)
At 30 September 2015 (unaudited)	341,839	431,725	(871)	11,240	13,524	1,863	(2,315)	(656,390)	140,615	(1,013)	139,602

Notes:

- (a) The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation of the Group.
- (b) The capital reserve represents the contributions made by the controlling shareholder under the corporate reorganisation of the Group.
- (c)(i) The other reserves represents premium arisen from the acquisition of additional 20% equity interest in Fortune Financial Capital Limited ("Fortune Financial Capital") from non-controlling interests at a cash consideration of HK\$1,793,000 on 18 May 2012.
- (c)(ii) The other reserves represents premium arisen from the acquisition of additional 25% equity interest in Fortune Wealth Management Limited ("Fortune Wealth") from non-controlling interests at a cash consideration of HK\$1,125,000 on 10 January 2013.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	Attributable to owners of the Company								Non-controlling interests	Total equity	
	Share capital	Share premium	Translation reserve	Convertible loan notes equity reserve	Special reserve	Capital reserve	Other reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000 (Note c)	HK\$'000	HK\$'000	HK\$'000	
For the six months ended 30 September 2014											
At 1 April 2014 (audited)	341,839	431,725	1,106	17,104	13,524	1,863	(2,315)	(495,193)	309,653	(361)	309,292
Other comprehensive income (expense) for the period:											
— Exchange differences arising on translation of foreign operations	—	—	307	—	—	—	—	—	307	7	314
— Share of other comprehensive expense of joint ventures	—	—	(756)	—	—	—	—	—	(756)	—	(756)
— Share of other comprehensive income of associates	—	—	1,341	—	—	—	—	—	1,341	—	1,341
Loss for the period	—	—	—	—	—	—	—	(32,917)	(32,917)	(238)	(33,155)
Total comprehensive income (expense) for the period	—	—	892	—	—	—	—	(32,917)	(32,025)	(231)	(32,256)
At 30 September 2014 (unaudited)	341,839	431,725	1,998	17,104	13,524	1,863	(2,315)	(528,110)	277,628	(592)	277,036

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2015

	Six months ended	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(4,696)	(11,296)
Net cash used in investing activities	(1,009)	(2,643)
Net cash from financing activities	6,904	25,179
Net increase in cash and cash equivalents	1,199	11,240
Cash and cash equivalents at 1 April	79,435	87,011
Effect of foreign exchange rate changes	(105)	314
Cash and cash equivalents at 30 September, represented by bank balances and cash — general	80,529	98,565

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2015

1. Basis of Preparation

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

2. Principal Accounting Policies

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

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

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

The Group has not applied any new or revised HKFRSs that are not yet effective for the current interim period. The application of the amendments to HKFRSs in the current interim period has had no material impact on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

In addition, the Company has early adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the year ended 31 March 2015. The main impact to the condensed consolidated financial statements is on the presentation and disclosure of certain information in the condensed consolidated financial statements.

3. Turnover

Turnover represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's turnover for the Period is as follows:

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Income from securities brokerage business	5,607	6,812
Margin interest income from securities brokerage business	4,896	9,203
Net gain (loss) on trading of listed securities	5,894	(2,833)
Dividend income	83	178
Service income from corporate finance	2,348	4,814
Interest income from money lending business	2,350	3,505
Income from factoring business	97	–
Others	7,866	409
	29,141	22,088

4. Segment Information

Information reported to the Board, being the designated decision maker, for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided. No operating segment identified by the designated decision maker has been aggregated in arriving at the reportable segments of the Group.

Specifically the Group's reportable and operating segments under HKFRS 8 are as follows:

- (1) The brokerage and margin financing segment engages in securities brokerage and margin financing in Hong Kong;
- (2) The proprietary trading segment engages in proprietary trading of securities;
- (3) The corporate finance segment engages in the provision of corporate finance services in Hong Kong;
- (4) The money lending and factoring segment engages in the provision of money lending and factoring services in Hong Kong; and
- (5) Others.

Other operations include consultancy services and insurance brokerage services.

Information regarding the above segments is reported below.

4. Segment Information (Continued)

For the six months ended 30 September 2014

	Brokerage and margin financing HK\$'000	Proprietary trading HK\$'000	Corporate finance HK\$'000	Money lending HK\$'000	Others HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Turnover							
External turnover	16,015	(2,655)	4,814	3,505	409	–	22,088
Inter-segment turnover (Note)	–	–	200	–	1,664	(1,864)	–
	16,015	(2,655)	5,014	3,505	2,073	(1,864)	22,088
Segment profit (loss)	(4,615)	(2,931)	722	4,282	(2,339)	–	(4,881)
Unallocated operating income							72
Unallocated operating expense							(24,396)
Change in fair value of derivative component of convertible loan notes							(973)
Share of profits of associates							3,623
Share of profits of joint ventures							1,386
Finance costs							(7,555)
Loss before tax							(32,724)

Note: Inter-segment sales are charged at prevailing market prices.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) from each segment without allocation of central administrative expenses, directors' emoluments, change in fair value of derivative component of convertible loan notes, share of profits of associates and joint ventures, finance costs, certain interest income from financial institutions, gain on disposal of plant and equipment and certain other operating income. This is the measure reported to the designated decision maker for the purposes of resource allocation and performance assessment.

4. Segment Information (Continued)

Segment assets and liabilities

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

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Segment assets		
Brokerage and margin financing	325,021	242,360
Proprietary trading	18,740	20,944
Corporate finance	5,538	6,964
Money lending and factoring	48,464	20,473
Others	2,559	926
Total segment assets	400,322	291,667
Unallocated	186,609	186,276
Consolidated assets	586,931	477,943
Segment liabilities		
Brokerage and margin financing	246,019	139,863
Corporate finance	320	122
Money lending and factoring	1,389	785
Others	1,469	432
Total segment liabilities	249,197	141,202
Unallocated	198,132	182,894
Consolidated liabilities	447,329	324,096

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

- all assets are allocated to operating segments other than certain plant and equipment for general operations, club membership debentures, goodwill, interests in associates and joint ventures, certain other receivables, deposits and prepayments, amount due from a non-controlling shareholder of a subsidiary, derivative component of convertible loan notes and bank balances and cash — general; and
- all liabilities are allocated to operating segments other than certain other payables and accruals, liability component of convertible loan notes, corporate bonds and tax payable.

5. Other Revenue

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Handling fee income	1,400	2,775
Interest income from financial institutions	60	98
Management fee income	744	–
Gain on disposal of plant and equipment	160	–
Dividend income	1,340	–
Sundry income	1,425	441
	5,129	3,314

6. Finance Costs

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank and other borrowings	1,007	22
Effective interest expenses on corporate bonds (note 20)	5,925	3,085
Effective interest expenses on convertible loan notes	3,552	4,448
	10,484	7,555

7. Loss Before Tax

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging:		
Total staff costs:		
— directors' emoluments (note 21)	3,202	5,010
— salaries and allowance	14,402	14,900
— retirement benefit scheme contributions (excluding directors)	526	452
	18,130	20,362
Loss on disposal of plant and equipment	–	1
Operating lease in respect of rented premises and equipment	8,627	8,480

8. Income Tax Expense

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax		
— Under-provision in respect of prior period	—	431

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the six months ended 30 September 2015 and 2014.

Under the Law of the People's Republic of China (the "PRC") or ("China") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to the PRC EIT Law during the six months ended 30 September 2015 and 2014.

9. Dividend

No dividend was paid or proposed during the Period, nor has any dividend been proposed since the end of the Period (six months ended 30 September 2014: nil).

10. Loss Per Share

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

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss for the purpose of basic loss per share	(11,551)	(32,917)

10. Loss Per Share (Continued)

	At 30 September 2015 '000 (Unaudited)	At 30 September 2014 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	3,418,386	3,418,386

Diluted loss per share was same as the basic loss per share for the six months ended 30 September 2015 and 2014, as the effect of the conversion of the Company's outstanding convertible loan notes would result in a decrease in loss per share for the six months ended 30 September 2015 and 2014.

11. Plant and Equipment

During the Period, the Group spent approximately HK\$779,000 (six months ended 30 September 2014: HK\$2,053,000) for the acquisition of plant and equipment.

A motor vehicle with a zero net carrying value was disposed of by the Group for cash proceeds of HK\$160,000, resulting in a net gain on disposal of HK\$160,000 which was recognised in profit or loss during the six months ended 30 September 2015.

A motor vehicle with a net carrying value of HK\$438,000 was disposed of by the Group for cash proceeds of approximately HK\$437,000, resulting in a net loss on disposal of approximately HK\$1,000 which was recognised in profit or loss during the six months ended 30 September 2014.

12. Interests in Associates

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Cost of investments in unlisted associates	73,254	72,804
Share of post-acquisition profits and other comprehensive income	16,917	15,672
	90,171	88,476

On 20 January 2015, the Group entered into an agreement with an independent third party to acquire 25% equity interests of Prior Capital Limited ("Prior Capital") at a consideration of HK\$2,500,000. The agreement also included a profit guarantee clause in which the Group will be entitled to a repayment of HK\$0.25 for each HK\$1 by which the profit before tax of Prior Capital falls short of HK\$10,000,000 for the year ended 31 March 2016, with a cap of HK\$2,500,000.

12. Interests in Associates (Continued)

Details of the associates as at 30 September 2015 and 31 March 2015 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activity
				30 September 2015	31 March 2015	30 September 2015	31 March 2015	
Starlight Financial Holdings Limited (formerly known as China Runking Financing Group Holdings Limited) (" Starlight ")	Limited liability company	Hong Kong	Ordinary shares	25% (Note 1)	25%	40% (Note 1)	33%	Investment holding
City Eagle Holdings Limited	Limited liability company	Hong Kong	Ordinary shares	25%	25%	40%	33%	Investment holding
Chongqing Liangjiang New Area Runtong Small Loan Business Limited* (" Runtong ")	Limited liability company	The PRC	Registered capital	25%	25%	40%	33%	Provision of small loan financing services in Chongqing of the PRC
Wine Financier Limited	Limited liability company	Hong Kong	Ordinary shares	-	25%	-	33%	Provision of small loan financing services
Beijing Sapiential & Golden Resources Public Relations Consultant Co., Ltd (" Beijing Sapiential & Golden Resources ")*	Limited liability company	The PRC	Registered capital	48% (Note 2)	48%	25% (Note 2)	25%	Provision of business consultancy services
Fortune Freedom Wealth Management Limited (" Fortune Freedom ")	Limited liability company	Hong Kong	Ordinary shares	20%	20%	33%	33%	Provision of consultancy services
Prior Capital	Limited liability company	Hong Kong	Ordinary shares	25% (Note 3)	25%	25% (Note 3)	25%	Provision of consultancy services

* The English transliteration of the Chinese name in this interim report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

Both City Eagle Holdings Limited and Runtong are wholly-owned subsidiaries of Starlight.

Notes:

1. The Group is able to exercise significant influence over Starlight and its subsidiaries ("**Starlight Group**") because it has the power to appoint two out of the six directors of that company under the provisions stated in the shareholders' agreement.
2. The Group is able to exercise significant influence over Beijing Sapiential & Golden Resources because it has the power to appoint one out of the four directors of that company under the provisions stated in the Articles of Association of that company.
3. The Group is able to exercise significant influence over Prior Capital because it has the power to appoint one out of the two directors of that company under the provisions stated in the agreement for the sales and purchase of shares in Prior Capital. The Group has acquired 25% of equity interest and the company has two shareholders only. The appointment of the director can be decided by the majority of the shareholders in accordance with the Articles of Association of the company.

As at 30 September 2015 included in the cost of investment in associates was goodwill of approximately HK\$6,223,000 (as at 31 March 2015: HK\$6,223,000) arising on the acquisition of associates.

13. Interests in Joint Ventures

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Cost of investments in unlisted joint ventures	9,492	9,492
Share of post-acquisition losses and other comprehensive expense	(1,217)	(1,093)
	8,275	8,399
Less: Impairment loss recognised	(7,044)	(7,044)
	1,231	1,355

Details of the joint ventures as at 30 September 2015 and 31 March 2015 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Class of shares held	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activity
				30 September 2015	31 March 2015	30 September 2015	31 March 2015	
Measure Up International Limited ("Measure Up")	Limited liability company	British Virgin Islands (the "BVI")	Ordinary shares	35%	35%	33%	33%	Investment holding
Lucky Target Property Agency Limited	Limited liability company	Hong Kong	Ordinary shares	35%	35%	33%	33%	Investment holding
Rongtong Finance Lease (Shanghai) Company Limited*	Limited liability company	The PRC	Registered share capital	35%	35%	33%	33%	Provision of finance lease service
Shenzhen Qianhai Fortune Financial Service Company Limited* ("Qianhai Fortune Financial")	Limited liability company	The PRC	Registered share capital	30%	30%	40%	40%	Provision of corporate financial consultancy service
Shenzhen Qianhai Fortune Equity Investment Management Company Limited* ("Qianhai Fortune Equity")	Limited liability company	The PRC	Registered share capital	30%	30%	40%	40%	Inactive

* The English transliteration of the Chinese name in this interim report, where indicated, is included for the information purpose only, and should not be regarded as the official English name of such Chinese name.

Both Lucky Target Property Agency Limited and Rongtong Finance Lease (Shanghai) Company Limited are the wholly-owned subsidiaries of Measure Up.

The Group holds 35% of the ordinary shares of Measure Up and controls 33% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Measure Up should be unanimously approved by the Group and other venturers. Therefore, Measure Up and its subsidiaries ("Measure Up Group") are regarded as joint ventures of the Group.

The Group holds 30% of equity interests of Qianhai Fortune Financial and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Financial should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Financial is regarded as joint ventures of the Group.

13. Interests in Joint Ventures (Continued)

The Group holds 30% of equity interests of Qianhai Fortune Equity and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Equity should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Equity is regarded as joint ventures of the Group.

14. Trade Receivables

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade receivables from the business of dealing in securities:		
— Cash clients	5,096	13,698
— Hong Kong Securities Clearing Company Limited ("HKSCC")	—	22,922
— Margin clients	148,554	181,202
Trade receivables from other businesses	2,669	3,174
	156,319	220,996
Less: Impairment loss recognised	(73,109)	(84,383)
	83,210	136,613

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after the trade date. The Group allows an average credit period of 30 days (as at 31 March 2015: 30 days) to its trade customers of other businesses.

No aged analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, the Directors of the Company consider that the aged analysis does not give additional value in the view of the nature of business of margin financing.

The following is an aged analysis of trade receivables (excluded margin clients), net of impairment losses, at the end of the Period/year based on the invoice date which approximated the respective revenue recognition dates is as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Less than 30 days	5,006	35,006
31 to 60 days	348	1,972
61 to 90 days	378	1,528
Over 90 days	1,937	670
	7,669	39,176

14. Trade Receivables (Continued)

Trade receivables from cash and margin clients are secured by the clients' pledged securities at fair values of approximately HK\$389,475,000 (as at 31 March 2015: HK\$844,977,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. There is no repledge of the collateral from margin clients for the six months ended 30 September 2015 and 2014.

Movements in the impairment loss recognised in respect of trade receivables in aggregate during the Period/year are as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Balance at beginning of the Period/year	84,383	66,884
Uncollectible provision written back	–	(971)
Reversal of impairment loss	(15,451)	(3,802)
Impairment loss recognised	4,177	22,272
Balance at end of the Period/year	73,109	84,383

Included in the impairment loss recognised in respect of trade receivables with an aggregated balance of approximately HK\$73,109,000 (as at 31 March 2015: HK\$84,383,000) was individually impaired trade debtors who were in financial difficulties.

15. Loan Receivables

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Secured loan receivables	34,010	13,204
Unsecured loan receivables	11,092	14,848
	45,102	28,052
Impairment loss recognised in respect of loan receivables	–	(10,988)
	45,102	17,064

The secured loan receivables are pledged by property units (as at 31 March 2015: secured by the equity shares of a listed company and pledged by a property unit) which bear interest at a fixed interest rate ranging from 10% to 22% (as at 31 March 2015: 12% to 20%) per annum.

The unsecured loan receivables bear an interest rate ranging from 21.6% to 25% (as at 31 March 2015: ranging from 21.6% to 25%) per annum. All unsecured loan receivables are guaranteed by a substantial shareholder and/or an independent third party as at 30 September 2015 and 31 March 2015.

15. Loan Receivables (Continued)

The following table illustrates the aged analysis, based on the loan drawdown date, of the loan receivables outstanding at the end of the Period/year:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Less than 30 days	10,502	1,276
31 to 60 days	5,413	265
61 to 90 days	16,549	1,433
Over 90 days	12,638	14,090
	45,102	17,064

Included in the Group's loan receivables balance, no balance was past due as at 30 September 2015 and 31 March 2015 for which the Group has not provided for impairment loss.

The loan receivables are due for settlement at the date specified in the respective loan agreements.

No impairment loss in respect of loan receivables (as at 31 March 2015: HK\$10,988,000) was recognised during the Period is based on the estimated irrecoverable amount by reference to the creditability of the customer, past default experience and subsequent settlement.

16. Factoring Receivables

The Group's factoring receivables arose from factoring services to companies in Hong Kong. The credit period granted to each customer is generally no later than 210 days (as at 31 March 2015: 210 days) for factoring services. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by management.

An aged analysis of the Group's factoring receivables as at the end of the Period/year, based on the date of the sales invoices is as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Less than 30 days	–	3,409
31 to 60 days	836	–
61 to 90 days	1,277	–
Over 90 days	1,187	–
	3,300	3,409

16. Factoring Receivables (Continued)

The aged analysis of the Group's factoring receivables that are not considered to be impaired is as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Less than 30 days	–	3,409
31 to 60 days	836	–
61 to 90 days	1,277	–
Over 90 days	1,187	–
	3,300	3,409

The Directors of the Company are 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.

17. Bank Balances and Cash

Bank balances and cash — trust

The Group maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its securities and futures brokerage and financing business. The Group has classified the clients' monies as bank balances and cash — trust under the current assets of the condensed consolidated statement of financial position and recognised the corresponding trade payables to respective clients on the ground that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

Bank balances and cash — general

Bank balances and cash held by the Group which amounted to approximately HK\$80,529,000 (as at 31 March 2015: HK\$79,435,000) were with an original maturity of three months or less. The bank balances and bank deposits carried interest at market rates ranging from 0.01% to 0.563% (as at 31 March 2015: 0.001% to 0.385%) per annum.

As at 30 September 2015, the Group had bank balances of approximately HK\$4,071,000 (as at 31 March 2015: HK\$4,648,000), HK\$1,179,000 (as at 31 March 2015: nil) and HK\$240,000 (as at 31 March 2015: HK\$85,000) which were originally denominated in United States dollar ("USD"), British Pound ("GBP") and Renminbi ("RMB") respectively other than the functional currencies of the relevant group entities.

18. Trade Payables, Other Payables and Accruals

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Trade payables from the business of dealing in securities:		
— Margin and cash clients	241,521	140,295
— HKSCC	4,825	—
Other payables and accruals	2,969	3,175
	249,315	143,470

For trade payables, no aged analysis is disclosed for the Group's margin and cash clients as these clients were carried on an open account basis, the aged analysis does not give additional value in the view of the nature of business of margin financing.

As at 30 September 2015, the Group had other payables and accruals of approximately HK\$638,000 (as at 31 March 2015: HK\$224,000) which were denominated in USD other than the functional currencies of the relevant group entities.

19. Share Capital

	Number of shares '000	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each at 1 April 2014 (audited), 31 March 2015 (audited) and 30 September 2015 (unaudited)	5,000,000	500,000
Issued and fully paid:		
At 1 April 2014 (audited), 31 March 2015 (audited) and 30 September 2015 (unaudited)	3,418,386	341,839

20. Corporate Bonds

During the year ended 31 March 2015, the Group has issued 2 to 7 years corporate bonds with aggregate face value of HK\$67,500,000 to 19 independent third parties net of direct expenses of approximately HK\$9,900,000, which are due in February 2017, May 2021, July 2021, August 2021, October 2021, November 2021, December 2021, January 2022, February 2022 and March 2022. These corporate bonds carry interest at fixed rate of 6% to 6.5% per annum with interest payable on the date falling on each anniversary of the issue date and maturity date of the corporate bonds (both dates exclusive). The corporate bonds are unsecured. The effective interest rate of the corporate bonds is ranging from 9.19% to 11.06%.

During the six months ended 30 September 2015, the Group has issued 3 to 7 years corporate bonds with aggregate face value of HK\$12,000,000 to 6 independent third parties net of direct expenses of approximately HK\$1,840,000, which are due in April 2018, May 2018, May 2022, June 2022 and July 2022. These corporate bonds carry interest at fixed rate of 6% to 6.5% per annum with interest payable on the date falling on each anniversary of the issue date and maturity date of the corporate bonds (both dates exclusive). The corporate bonds are unsecured. The effective interest rate of the corporate bonds is ranging from 9.19% to 11.06%.

20. Corporate Bonds (Continued)

Carrying amounts repayable:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Within one year	11,341	10,772
After one year but within five years	11,772	9,434
After five years	99,986	89,059
Total	123,099	109,265
Less: Amounts shown under current liabilities	(11,341)	(10,772)
Amounts shown under non-current liability	111,758	98,493

21. Related Party Transactions**Compensation of key management personnel**

All directors are considered to be the key management personnel of the Group for the six months ended 30 September 2015 and 2014. The emoluments of directors during the Period are as follows:

	Six months ended 30 September	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Short-term benefits	3,166	4,976
Post-employment benefits	36	34
	3,202	5,010

The emoluments of directors are determined by the remuneration committee having regard to the performance of individuals and market trends.

22. Commitments

(i) Operating lease commitments

The Group as lessee

The Group leases certain of its office premises and equipment under operating lease arrangements. Lease for properties and equipment are negotiated for a term ranging from half year to five years and rentals are fixed at the inception of lease. No provision for contingent rent and terms of renewal were established in the lease.

At the end of the Period/year, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Within one year	13,938	15,005
In the second to fifth years, inclusive	6,548	14,422
	20,486	29,427

(ii) Capital commitment

The Group had the following capital commitment at the end of the Period/year:

	At 30 September 2015 HK\$'000 (Unaudited)	At 31 March 2015 HK\$'000 (Audited)
Contracted but not provided for:		
Investment in joint ventures	5,966	6,144

23. Fair Value Measurements of Financial Instruments

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

When measuring fair value, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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

23. Fair Value Measurements of Financial Instruments (Continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

The 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. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 September 2015 HK\$'000 (Unaudited)	31 March 2015 HK\$'000 (Audited)		
Derivative component of convertible loan notes	518	1,419	Level 2	Black-Scholes option pricing model based on the stock price, expected volatility, expected option period and risk free rate
Investments held for trading	18,740	20,944	Level 1	Quoted bid prices in active market

There were no transfers between levels of fair value hierarchy in the Period/year.

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

24. Non-Cash Transaction

The Group and Ever Step Holdings Limited entered into a subscription agreement to subscribe for a 12% coupon convertible loan notes issued by the Company in the principal amount of HK\$40,384,615 during the year ended 31 March 2015. There was no non-cash transaction during the Period.

25. Event After the Reporting Period

On 30 October 2015, the Group entered into a sale and purchase agreement for the sale of 20% of equity interests in Fortune Freedomess to Fu Lai Wealth Financial Group Limited, an independent third party to the Group, at a consideration of HK\$200,000.

Upon completion of the disposal, Fortune Freedomess will cease to be an associate of the Group.

The disposal was subsequently completed on 4 November 2015.

Management Discussion and Analysis

Results

For the Period, turnover of the Group amounted to approximately HK\$29,141,000, representing an increase of approximately 31.93% from approximately HK\$22,088,000 for the six months ended 30 September 2014. The increase in turnover was mainly attributable to net gain recorded in proprietary trading and increase in turnover contributed from the business of insurance brokerage services.

The Group recorded a loss for the Period of approximately HK\$11,807,000, as compared with the loss of approximately HK\$33,155,000 for the corresponding period in 2014. Net loss attributable to owners of the Company for the Period amounted to approximately HK\$11,551,000, representing a decrease of approximately 64.91% comparing with the loss of approximately HK\$32,917,000 for the corresponding period in 2014. The drop in net loss attributable to owners of the Company for the Period was principally attributable to (i) significant increase arising from the reversal of impairment loss in respect of trade receivables; (ii) decrease in impairment loss recognised in respect of trade receivables; and (iii) net gain recorded in proprietary trading of securities by the Group.

The basic and diluted loss per share for the Period was approximately HK0.34 cent as compared with the basic and diluted loss per share of approximately HK0.96 cent for the corresponding period in 2014.

Business Review

Brokerage and margin financing

During the Period, the Group's revenue from brokerage and margin financing business showed a decline to approximately HK\$10,503,000, representing a decrease of approximately 34.42% as compared to the revenue of approximately HK\$16,015,000 for the corresponding period in 2014.

The Group's strategy is to focus and strengthen existing securities operation and work in close collaboration with our wealth management business targeting at high-end customers in order to differentiate between our one-stop integrated financial services business and other securities house.

Proprietary trading

During the Period, all securities traded were shares listed on the Stock Exchange. The proprietary trading segment recorded a trading gain of approximately HK\$5,977,000 (2014: trading loss of approximately HK\$2,655,000) and incurred a segment gain of approximately HK\$5,398,000 (2014: segment loss of approximately HK\$2,931,000). The respective segment gain was due to an overall upswing in stock prices on securities held by the Group.

Corporate finance

The corporate finance market was under a keen competition during the Period. Segment revenue from our corporate finance business decreased by approximately 52.17% from approximately HK\$5,014,000 to approximately HK\$2,398,000 while the segment loss for the Period amounted to approximately HK\$2,435,000 as compared to a segment profit amounted to approximately HK\$722,000 for the corresponding period in 2014.

Money lending and factoring

During the Period, the Group recorded an interest income from money lending and income from factoring of approximately HK\$2,447,000 (2014: interest income from money lending of approximately HK\$3,505,000), representing a decrease of approximately 30.19% as compared with the corresponding period in 2014.

Other businesses

During the Period, the Group recorded a segment revenue from other business operations in providing other consultancy services and insurance brokerage services of approximately HK\$9,571,000 (2014: approximately HK\$2,073,000), representing an increase of approximately 3.62 times as compared with the corresponding period in 2014.

Prospects

The growth of the global economy remained rather unstable. As an international financial centre, Hong Kong was inevitably affected by the sluggishness and continual uncertainties in the global economy. Yet, active fund raising activities and the huge inflow of funds came into the Hong Kong stock market after the introduction of the Shanghai-Hong Kong Stock Connect Scheme (the “**SHK Connect**”) that rippled to the stock market which saw its turnover skyrocket, the local capital market delivered significant performance at the beginning of 2015 and the bull even run in the second quarter. Leveraging on these positive situational factors, the Group turned losses into gains and recorded net gain of approximately HK\$5,894,000 during the Period under review (2014: net loss of approximately HK\$2,833,000) from the trading of securities that were listed on the Stock Exchange. The result to us is encouraging.

However, the local stock market followed the steps from sluggish global markets from late June 2015 and investor sentiment was hurt as the negative development in Greece debt crisis as well as the continued slumps in the stock market of mainland China. The market volatility further increased to recent years high when the People’s Bank of China surprisingly devalued the RMB by over 2% in August. On the other hand, Hong Kong’s stock market became very sensitive to the potential threat of interest rate hike in the United States as Hong Kong dollar is pegged to the USD. The market is still debating heatedly whether the United States Federal Reserve will increase the interest rate in any of its remaining meetings in 2015. Volatility is likely to remain for the market in the remainder of the year.

Looking ahead, the mainland China has introduced a number of measures to calm the stock market and accelerate economic and financial reforms that may help positioning and even strengthening Hong Kong as a key investment platform for both the Chinese and overseas investors and allow the overseas investors to gain access to the capital market in the mainland China. Besides that, it is expected to attract the inflow of more capital into the Hong Kong market and boost again the transaction volume further, and will bring support to the Hong Kong stock market in the long term through the forthcoming launch of Shenzhen-Hong Kong Stock Connect Scheme (the “**SZHK Connect**”). The Group will pursue any growth opportunities from the trend to improve its results in order to strengthen the financial position of the Group and enhance the shareholders’ value.

Capital Structure

As at 30 September 2015, the nominal value of the total issued share capital of the Company was approximately HK\$341,839,000 comprising 3,418,385,668 shares of the Company of HK\$0.10 each (the “**Shares**”).

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries of the Group, the Group ensures each of them maintains a liquid capital level that is adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the Period, all the licensed subsidiaries of the Group complied with the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules.

Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes convertible loan notes, corporate bonds, cash and cash equivalents and equity attributable to owners of the Company, which comprises issued share capital and reserves.

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remains unchanged during the Period and the year ended 31 March 2015.

For certain subsidiaries of the Group, they are regulated by the Securities and Futures Commission ("SFC") of Hong Kong and are required to comply with certain minimum capital requirements according to the rules of SFC. Our management monitors, on a daily basis, the subsidiaries' liquid capital level to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules. The range of liquid capital is from HK\$100,000 to HK\$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

One of the subsidiaries of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK\$100,000 at all times.

There is no non-compliance of the capital requirements of the Group members imposed by the respective regulators during the Period and the year ended 31 March 2015.

Liquidity and Financial Resources and Gearing Ratio

During the Period, the Group mainly financed its operations by cash generated from operating activities and issuance of the corporate bonds.

As at 30 September 2015, the Group's current assets and current liabilities were approximately HK\$481,778,000 (as at 31 March 2015: approximately HK\$374,252,000) and approximately HK\$335,571,000 (as at 31 March 2015: approximately HK\$225,603,000) respectively, while the current ratio was about 1.44 times (as at 31 March 2015: about 1.66 times).

As at 30 September 2015, the Group's aggregate cash and cash equivalents amounted to approximately HK\$80,529,000 (as at 31 March 2015: approximately HK\$79,435,000), of which approximately 93.18% was denominated in Hong Kong dollars (as at 31 March 2015: approximately 98.31%), approximately 5.06% was denominated in USD (as at 31 March 2015: approximately 1.04%), approximately 1.46% was denominated in GBP (as at 31 March 2015: nil) and approximately 0.3% was denominated in RMB (as at 31 March 2015: approximately 0.65%), representing approximately 16.71% (as at 31 March 2015: approximately 21.23%) of total current assets. As at 30 September 2015, the Group had no bank and other borrowings (as at 31 March 2015: nil).

During the Period, no financial instruments were used for hedging purposes. As at 30 September 2015, the gearing ratio, measured on the basis of total borrowing as a percentage of total shareholders' equity, was approximately 139.94% (as at 31 March 2015: approximately 115.43%). The increase was mainly due to issuance of corporate bonds during the Period.

As at 30 September 2015, the debt ratio, defined as total debts over total assets, was approximately 76.21% (as at 31 March 2015: approximately 67.81%).

During the Period and for the year ended 31 March 2015, the Group has issued 3 to 7 and 2 to 7 years corporate bonds with aggregate face value of HK\$12,000,000 and HK\$67,500,000 to 6 and 19 independent third parties respectively, net of direct expenses of approximately HK\$1,840,000 and HK\$9,900,000 respectively, their maturity dates are from February 2017 to July 2022 and carry interest at fixed rate of 6% to 6.5% per annum with interest payable on the date falling on each anniversary of the issue date and maturity date of the corporate bonds (both dates exclusive). The corporate bonds are unsecured.

Significant Investment

As at 30 September 2015, the Group held financial asset at fair value through profit or loss of approximately HK\$18,740,000 (as at 31 March 2015: approximately HK\$20,944,000).

Material Acquisition and Disposal

The Group had no material acquisition or disposal during the Period.

Contingent Liabilities

As at 30 September 2015, the Group had no material contingent liabilities (as at 31 March 2015: approximately RMB21,700,000 (equivalent to approximately HK\$27,372,000)).

Charge on the Group's Asset

No asset of the Group was subject to any charge as at 30 September 2015 (as at 31 March 2015: nil).

Risk Management

The Group has properly put in place credit management policies which cover the examination of the approval of client's trading and credit limits, regular review of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

Foreign Currency Fluctuation

During the Period, the Group mainly use Hong Kong dollars to carry out its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

Human Resources

As at 30 September 2015, the Group had 86 employees in total (as at 31 March 2015: 84 employees). The related employees' costs for the Period (excluding directors' emoluments) amounted to approximately HK\$14,928,000 (as at 31 March 2015: approximately HK\$29,870,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions. A summary of the share option scheme is set out on page 35 of this interim report.

Litigation

In April 2014, a writ of summons was issued by a third party in liquidation (the "Plaintiff") against Fortune (HK) Securities Limited ("F(HK)SL"), a subsidiary of the Company, in relation to HK\$4,000,000 ("Sum") paid to F(HK)SL pursuant to a cheque issued by the Plaintiff in September 2009 which was transferred to a client's account maintained with F(HK)SL. The Plaintiff claimed that the Sum was money belonging to him and demanded for a refund of the Sum. As advised by the legal adviser to the case, pursuant to the terms and conditions of the client's agreement entered into between the client and F(HK)SL, F(HK)SL is entitled to set off or withhold any securities and monies held in the account against any liabilities owed by the client. Having considered the legal advice, the Board believes that the said legal action does not have any material adverse impact on the Group's operation and financial position. As at the date of this interim report, the said legal action is still in progress.

Event After The Reporting Period

Details of significant event occurring after the Period are set out in note 25 to the condensed consolidated financial statements.

Disclosure of Interests

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September 2015, the interests and short positions of each of the Directors or chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were required to be notified to the Company and the Stock Exchange of pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and 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 maintained by the Company 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 ("Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Interests in Shares and underlying shares:

Name of Director	Capacity	Interest in Shares	Interest in underlying shares	Approximate percentage of the issued share capital of the Company
WONG Kam Fat Tony ("Mr. Wong") (Note)	Interest of controlled corporations	800,000,000	–	23.40%
XIA Yingyan ("Mr. Xia") (Note)	Interest of controlled corporations	800,000,000	–	23.40%

Note:

Mr. Wong is the chairman and executive Director whereas Mr. Xia is an executive Director. Jadehero Limited ("Jadehero"), a company incorporated in the British Virgin Islands with limited liability, beneficially held 800,000,000 Shares as at 30 September 2015. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited. Mr. Wong is the sole beneficial owner of the entire equity interest in Marvel Steed Limited whereas Mr. Xia is the sole beneficial owner of the entire equity interest in Southlead Limited.

Save as disclosed above, as at 30 September 2015, none of the Directors nor the chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying shares and 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 Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Substantial Shareholders' Interests

As at 30 September 2015, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares and underlying shares:

Name of Shareholder(s)	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares/ underlying shares	Approximate percentage of the issued share capital of the Company
Southlead Limited (Note 1)	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Marvel Steed Limited (Note 1)	Interest of controlled corporation	800,000,000	–	800,000,000	23.40%
Jadehero (Note 1)	Beneficial owner	800,000,000	–	800,000,000	23.40%
China Cinda (HK) Asset Management Co., Limited ("China Cinda (HK)") (Note 2)	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
Well Kent International Investment Company Limited ("Well Kent") (Note 2)	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
China Cinda Asset Management Co., Limited ("China Cinda") (Note 2)	Interest of controlled corporation	500,000,000	–	500,000,000	14.63%
Mankind Investment Limited ("MIL") (Note 2)	Beneficial owner	500,000,000	–	500,000,000	14.63%
CR Investment Group Limited ("CR Investment") (Note 3)	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
PME Group Limited ("PME Group") (Note 3)	Interest of controlled corporation	–	320,000,000	320,000,000	9.36%
One Express Group Limited ("One Express") (Note 3)	Beneficial owner	–	320,000,000	320,000,000	9.36%
Chinese Strategic Holdings Limited (formerly known as China Railway Logistics Limited) ("Chinese Strategic") (Note 4)	Interest of controlled corporation	402,738,000	–	402,738,000	11.78%
Right Magic Limited ("Right Magic") (Note 4)	Beneficial owner	253,738,000	–	253,738,000	7.42%
Credit China Holdings Limited ("Credit China") (Note 5)	Interest of controlled corporation	–	310,650,884	310,650,884	9.09%
Ever Step Holdings Limited ("Ever Step") (Note 5)	Beneficial owner	–	310,650,884	310,650,884	9.09%

Notes:

1. As at 30 September 2015, Jadehero beneficially held 800,000,000 Shares. Jadehero is owned as to 20% by Marvel Steed Limited and as to 80% by Southlead Limited.
2. As at 30 September 2015, MIL beneficially held 500,000,000 Shares. MIL is wholly-owned by China Cinda (HK) which is in turn wholly-owned by Well Kent. Well Kent is wholly-owned by China Cinda. For the purpose of the SFO, China Cinda (HK), Well Kent and China Cinda are deemed or taken to be interested in the Shares held by MIL.
3. As at 30 September 2015, One Express was the subscriber of the 5% coupon convertible loan note issued by the Company in the aggregate principal of HK\$32,000,000 due 29 February 2016 with an initial conversion price of HK\$0.1 per conversion Share (subject to adjustment) which can be converted into 320,000,000 conversion Shares upon full conversion at the initial conversion price. One Express is wholly-owned by CR Investment which in turn is wholly-owned by PME Group. For the purpose of SFO, One Express, CR Investment and PME Group are deemed or taken to be interested in the said 320,000,000 conversion Shares.
4. As at 30 September 2015, Right Magic, Sure Venture Investment Limited, Excel Return Enterprise Limited and Fameway Finance Limited beneficially held 253,738,000 Shares, 2,000,000 Shares, 7,000,000 Shares and 140,000,000 Shares respectively. Right Magic, Sure Venture Investment Limited, Excel Return Enterprise Limited and Fameway Finance Limited are all indirect wholly-owned subsidiaries of Chinese Strategic. For the purpose of the SFO, Chinese Strategic is deemed or taken to be interested in the Shares held by Right Magic, Sure Venture Investment Limited, Excel Return Enterprise Limited and Fameway Finance Limited.
5. As at 30 September 2015, Ever Step was the subscriber of the 12% coupon convertible loan note issued by the Company in the aggregate principal of HK\$40,384,615 due 24 February 2016 with an initial conversion price of HK\$0.13 per conversion Share (subject to adjustment) which can be converted into 310,650,884 conversion Shares upon full conversion at the initial conversion price. Ever Step is a direct wholly-owned subsidiary of Credit China.

Save as disclosed above, and as at 30 September 2015, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Corporate Governance and Other Information

Compliance with Corporate Governance Code

The Group is committed to ensuring high standard of corporate governance as the Directors believe that it would improve the effectiveness and efficiencies in the overall business performance of the Group such that the Group could become more competitive in the markets and could enhance shareholders' value in consequence. None of the Directors is aware of any matter that would reasonably indicate that the Company being not in compliance with the code provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the Period.

Board of Directors

As at 30 September 2015 the composition of the Board of the Company was as follows, which remained the same as set out in the annual report of the Company for the year ended 31 March 2015.

Executive Directors	Non-executive Director	Independent Non-executive Directors
Mr. WONG Kam Fat Tony (Chairman)	Mr. WU Ling	Mr. CHAN Kin Sang
Mr. NG Cheuk Fan Keith (Managing Director)		Mr. NG Kay Kwok
Mr. HON Chun Yu		Mr. TAM B Ray Billy
Mr. XIA Yingyan		

Board Committees

As at 30 September 2015, the composition of Board Committees remained the same as set out in the annual report of the company for the year ended 31 March 2015.

Change of Directors' Information under Rule 13.51(B)(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Directors' information of the Company since the date of the annual report of the Company for the year ended 31 March 2015 is set out below:

Directors' Updated Biographical Details

Mr. CHAN Kin Sang, an independent non-executive Director of the Company, was appointed as an independent non-executive director of Runway Global Holdings Company Limited, a company listed on the Main Board of the Stock Exchange with effect from 5 October 2015.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the annual report of the Company for the year ended 31 March 2015 up to the date of this interim report.

Compliance with Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the Directors. The Company had made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Period.

Share Option Scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Company's original share option scheme was approved by the shareholders on 12 February 2003 (the "**2003 Scheme**"), and was early terminated and replaced by a new share option scheme approved by the shareholders on 19 August 2011 (the "**2012 Scheme**").

A summary of the share option schemes is set out below:

(a) 2003 Scheme

The 2003 Scheme became effective for a period of 10 years commencing on 12 February 2003. Under the terms of the 2003 Scheme, the Directors may, at their discretion, grant options to the full-time employees, including Directors of the Company and its subsidiaries, to subscribe for Shares for recognition of their contribution as incentives or rewards. Options granted must be taken up within 30 days of the date of grant. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for Shares during a period of 5 years commencing on the date of acceptance of the option. The 2003 Scheme was early terminated and replaced by the 2012 Scheme adopted by shareholders on 19 August 2011.

No share option was granted, exercised, cancelled or lapsed during the Period under the 2003 Scheme.

(b) 2012 Scheme

At the extraordinary general meeting of the Company held on 19 August 2011 (the "**EGM**"), an ordinary resolution was passed by the shareholders to approve and adopt the 2012 Scheme in place of the 2003 Scheme.

The 2012 Scheme became effective for a period of 10 years commencing on 19 August 2011. Eligible participants of the 2012 Scheme included any employee, included Directors; any business associate; any person or entity that provides research, development or other technological support to the Group or any invested entity, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or an invested entity ("**Eligible Participants**"). The Directors may, at their sole discretion, grant to any Eligible Participants options to subscribe for ordinary shares of the Company at a price not less than the higher of (i) the nominal value of the Shares; (ii) the closing price of the Shares on the Stock Exchange on the date of grant; and (iii) the average of the closing prices of the Shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the option. The offer of a grant of options must be accepted within 28 days from the offer date. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option which will entitle the holders to subscribe for Shares during a period of 10 years commencing on the date of acceptance of the option.

The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the 2012 Scheme and any other schemes of the Company must not exceed 30% of the Shares in issue from time to time. Subject to the shareholders' approval, the maximum number of Shares which may be issued upon exercise of the options to be granted under the 2012 Scheme shall not exceed 10% of the Shares in issue as at the date of the approval, or the maximum number of Shares in respect of which options may be granted to any employee may not exceed 1% of the Shares in issue from time to time in a 12-month period. Except for the entitlements of dividends, bonus, rights declared before the exercise of options, any Shares allotted and issued on the exercise of an option will rank pari passu with the other Shares in issue at the date of exercise of the relevant option.

No share option was granted, exercised, cancelled or lapsed during the Period under the 2012 Scheme.

As at 30 September 2015, the Company did not have any outstanding options under the 2003 Scheme and the 2012 Scheme.

Purchase, Sale or Redemption of Shares

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities during the Period.

Interim Dividend

The Directors do not declare any interim dividend for the Period.

Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. CHAN Kin Sang and Mr. TAM B Ray Billy.

Review of Financial Information

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the unaudited interim financial statements for the Period and this interim report.

By Order of the Board
China Fortune Financial Group Limited
NG Cheuk Fan Keith
Managing Director

Hong Kong, 19 November 2015

As at the date hereof, the Board consists of four executive Directors, namely Mr. WONG Kam Fat Tony (Chairman), Mr. NG Cheuk Fan Keith (Managing Director), Mr. HON Chun Yu and Mr. XIA Yingyan; one non-executive Director, namely Mr. WU Ling; and three independent non-executive Directors, namely Mr. CHAN Kin Sang, Mr. NG Kay Kwok and Mr. TAM B Ray Billy.

