

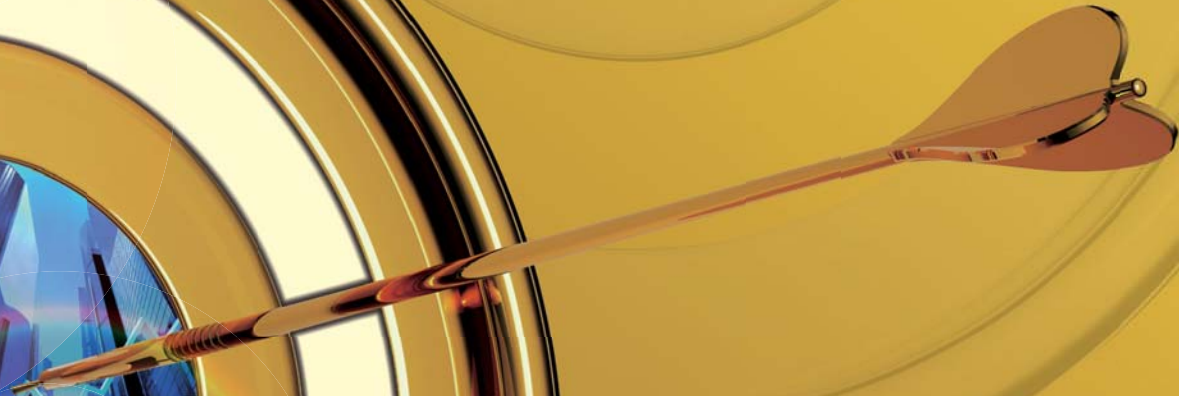


CHANCETON FINANCIAL GROUP LIMITED
川盟金融集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8020)

2012/2013
ANNUAL
REPORT



CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the “Directors”) of Chanceton Financial Group Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or in this report misleading.

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BOARD OF DIRECTORS

Executive Directors

Mr. Wong Kam Wah
(Chairman and Chief Executive Officer)
Mr. Lau Ling Tak
Mr. Leung Man Kit
Ms. Man Wing Yee Ginny

Independent Non-executive Directors

Mr. Chiu Chi Kong
Mr. William Robert Majcher
Mr. Yau Yan Ming Raymond

REGISTERED OFFICE

Coden Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 23/F, CMA Building
64 – 66 Connaught Road Central
Hong Kong

AUTHORIZED REPRESENTATIVES

Mr. Wong Kam Wah
Mr. Lau Ling Tak

COMPANY SECRETARY

Ms. Ho Wing Yan *ACIS, ACS(PE)*

COMPLIANCE OFFICER

Mr. Wong Kam Wah

AUDIT COMMITTEE

Mr. Yau Yan Ming Raymond *(Chairman)*
Mr. Chiu Chi Kong
Mr. Lau Ling Tak
Mr. William Robert Majcher

REMUNERATION COMMITTEE

Mr. Chiu Chi Kong *(Chairman)*
Mr. Lau Ling Tak
Mr. William Robert Majcher
Mr. Yau Yan Ming Raymond

Corporate Information

NOMINATION COMMITTEE

Mr. William Robert Majcher (*Chairman*)
Mr. Yau Yan Ming Raymond
Mr. Chiu Chi Kong
Mr. Lau Ling Tak

SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG

Union Registrars Limited
18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

PRINCIPAL BANKER

The Hongkong and Shanghai Banking
Corporation Limited
1 Queen's Road Central
Hong Kong

JOINT COMPLIANCE ADVISERS

Grand Vinco Capital Limited
Units 4909-4910, 49/F, The Center
99 Queen's Road Central
Hong Kong

Ample Capital Limited
Unit A, 14/F, Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
31/F, Gloucester Tower, The Landmark
11 Pedder Street
Central
Hong Kong

GEM STOCK CODE

8020

COMPANY'S WEBSITE

www.chanceton.com

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Chanceton Financial Group Limited, I am pleased to present the 2012/2013 annual results of the Group for the financial year ended 31 March 2013 (the "Financial Year").



Wong Kam Wah
Chairman, CEO and Executive Director

BUSINESS OPERATION AND FINANCIAL PERFORMANCE

The Group is principally engaged in the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the People's Republic of China (the "PRC"). The Group seeks to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including: (i) advising on The Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rule"), the GEM Listing Rules and The Codes on Takeovers and Mergers and Share Repurchases (the "Takeovers Code"); (ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code; (iii) advising on merger(s) and acquisition(s) ("the M&A") activities and other corporate activities such as fund raising exercises; and (iv) advising on corporate resumption.

During the Financial Year, the global economy remained unstable due to the overhang of Eurozone debt issues and the fragile recovery in the United States. Volatile capital market undermined the confidence of global investor and listed issuer in equity investment. Growing global uncertainties slowed down the pace of listed issuers in conducting merger and acquisition activities and fund raising activities. Given the weak market situation, the Group, continued to focus on the provision of corporate finance advisory services to its clients, meanwhile, actively explored business opportunities to diversify business and financial risk as well as to broaden the sources of income of the Group.

Apart from the core corporate finance advisory service business, the Group is also actively seeking for investment opportunities with an aim to diversify the business risk and broaden income source of the Group. On 5 December 2012, Mysteriously Time Investments Limited, a wholly-owned subsidiary of the Company completed the acquisition of 20% of Revenue Synthesis Limited (the "20% Acquisition"), signaling the start of the first direct investment by the Group and its involvement in the medical and pharmaceutical industry. On 13 June 2013, the Group further increased its shareholding in Revenue Synthesis Limited by acquiring and subscribing approximately 5% of its enlarged share capital (with the 20% Acquisition collectively called the "AIDS Medication Business Acquisition").

Chairman's Statement

BUSINESS OPERATION AND FINANCIAL PERFORMANCE *(Continued)*

In order to maintain the competitiveness of the Group against competitors in such volatile capital market, the Group had invested much effort on marketing and promotion activities to facilitate new client referrals and client retention. However, due to the continuous unfavourable sentiment in the global economy and the volatile finance market, although we had explored a number of new clients throughout the Financial Year with our marketing effort, several of our existing clients slowed down their pace in conducting merger and acquisition activities and fund raising activities, and as a result, the Group recorded revenue of approximately HK\$8.53 million for the year ended 31 March 2013 (2012: approximately HK\$13.56 million), representing a decrease of approximately 37.2% when compared to the corresponding period in 2012. The Group recorded audited loss attributable to owners of the Company for the year ended 31 March 2013 of approximately HK\$9.17 million as compared to audited profit attributable to owners of the Company of approximately HK\$2.08 million last year. Such loss was mainly due to (i) share of loss arising from an associated company of approximately HK\$5.44 million; (ii) imputed interest incurred of approximately HK\$1.49 million in respect of the convertible bonds in relation to acquisition of 20% equity interests of Revenue Synthesis Limited; and (iii) the incurrence of a one-off legal and professional fees and other related expenses of approximately HK\$3 million in relation to the fund raising activity and acquisition conducted by the Group throughout the year. We wish to emphasize that items (i) & (ii) of the above losses of approximately HK\$6.93 million in aggregate is non-cash in nature and has no cash flow impact to the Group. Excluding these non-cash losses and one-off expenses associated with our fund raising and acquisition activities, the Group would have recorded a net profit for the Financial Year.

OUTLOOK

In spite of the continuous unfavourable sentiment in the global economy and the competitive business environment in Hong Kong, we are optimistic and see potential opportunities in the corporate finance advisory services industry.

We will continue to pursue our core business, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC, and to strengthen it by enhancing technical competence, expanding the alliance network, improving public awareness, expanding the pre-initial public offering ("Pre-IPO") fundraising business for non-listed companies. The Group will also continue to try to retain its existing clients by offering outstanding and competitive services and to obtain more new engagements from broadening of the client base, while maintaining its existing cost-effective business structure to stay competitive in the industry.

OUTLOOK *(Continued)*

The Board is of the view that the AIDS Medication Business Acquisition is in line with one of the business strategies of the Group which is to seek investment in high-return projects. The Board is believes that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China's herbal medicine market for treating AIDS with few competitors, the AIDS Medication Business Acquisition represents an important milestone to the Group given the huge market potential in the AIDS medication industry. The Group will continue to seek for any possible acquisitions, including but not limited to, medical related business when opportunities arise in line with the aim to broaden the income source and diversify the business risk of the Group.

In addition, the Group will continue to study feasible projects with good potential returns to contribute a maximum wealth to Shareholders. Following the AIDS Medication Business Acquisition, the Group began to expose in sectors other than the finance industry and the Board considers exploring further corporation opportunities in, among others, the medical and pharmaceutical to expand its business scopes with a view to leverage on the expertise and network in the medical industry of Revenue Synthesis Limited and Beijing Century Health Technology Development Company Limited.

The Company's Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

APPRECIATION

Last but not least, I would like to take this opportunity to extend my sincere gratitude to all fellow Directors, management and our staff for their unwavering dedication and contribution to our Group's development. I would also like to thank all of our shareholders, strategic partners and our valuable clients for their trusts and continuous support to our Group over a challenging year.

Chanceton Financial Group Limited

Wong Kam Wah

Chairman, CEO and Executive Director

Hong Kong, 28 June 2013

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC. The Group continues seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including:

- (i) advising on the Listing Rules, the GEM Listing Rules and Takeovers Code;
- (ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code;
- (iii) advising on M&A activities and other corporate activities; and
- (iv) advising on corporate resumption.

During the Financial Year, the global economy remained unstable due to the overhang of Eurozone debt issues and the fragile recovery in the United States. Volatile capital market undermined the confidence of global investor and listed issuer in equity investment. Growing global uncertainties slow down the pace of listed issuers in conducting merger and acquisition activities and fund raising activities. Given the weak market situation, the Group, continued to focus on the provision of corporate finance advisory services to its clients, meanwhile, actively explore business opportunities to diversify business and financial risk as well as broaden the sources of income of the Group.

In order to maintain competitiveness of the Group against competitors in such volatile capital market, the Group had invested much effort on marketing and promotion activities to facilitate new client referrals and client retention. However, due to the continuous unfavourable sentiment in the global economy and the volatile finance market, although we had explored a number of new clients throughout the Financial Year as a result of our marketing effort, several of our existing clients slowed down their pace in conducting merger and acquisition activities and fund raising activities, and as a result, the Group recorded revenue of approximately HK\$8.53 million for the year ended 31 March 2013 (2012: HK\$13.56 million), representing a decrease of approximately 37.2% when compared to the corresponding period in 2012.

Management Discussion and Analysis

BUSINESS REVIEW *(Continued)*

On 24 August 2012, Mysteriously Time Investments Limited, a wholly-owned subsidiary of the Company, Mr. Tsang Yan and Refulgent Sunrise Limited (the “Vendor”) entered into a sale and purchase agreement in relation to the possible acquisition of 20% equity interests in Revenue Synthesis Limited, which together with its subsidiaries, engages in AIDS medication business at an aggregate consideration of principal amount of approximately HK\$237.50 million payable by way of a combination of consideration shares and convertible bonds. The 20% Acquisition was completed on 5 December 2012 and the 25,000,000 consideration shares had been allotted and issued and the first tranche convertible bonds with principal amount of HK\$87.50 million had been issued to the Vendor in accordance with the terms and conditions of the sale purchase agreement. Details of the 20% Acquisition were disclosed in the announcements of the Company dated 27 August 2012, 29 October 2012 and 5 December 2012.

On 9 May 2013, Mysteriously Time Investments Limited, Mr. Tsang Yan, the Vendor and Revenue Synthesis Limited entered into an acquisition and subscription agreement in relation to the acquisition and subscription of approximately 5% of the enlarged share capital in Revenue Synthesis Limited at a cash consideration of HK\$48 million. The acquisition and subscription was completed on 13 June 2013. Following the completion, the Group is interested in approximately 25% equity interests in Revenue Synthesis Limited. Details were disclosed in the announcements of the Company dated 9 May 2013 and 13 June 2013.

The Board is of the view that the AIDS Medication Business Acquisition is in line with one of the business strategies of the Group which is to seek investment in high-return projects. The Board considers that the AIDS Medication Business Acquisition will diversify the Group’s business and in the best interests of the shareholders of the Company as a whole.

The Company’s Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

FINANCIAL REVIEW

Revenue

For the Financial Year, revenue of the Group decreased by approximately 37.2% to approximately HK\$8.53 million from approximately HK\$13.56 million last year. Such decrease was mainly due to the continuous unfavourable sentiment in the global economy and the volatile financial market which caused several of our clients to slow down their pace in conducting merger and acquisition activities and fund raising activities which, to a certain extent, affected the Group’s revenue in that period.

Management Discussion and Analysis

FINANCIAL REVIEW *(Continued)*

Administrative and other operating expenses

The Group's administrative and operating expenses for the Financial Year increased by approximately 7.5% to approximately HK\$11.01 million compared to approximately HK\$10.24 million last year. The increase was mainly attributed to (i) increase in staff cost by approximately 15.8% to approximately HK\$3.95 million compared to approximately HK\$3.41 million in last year to cope with expansion of the Group; (ii) incurrence of one-off legal and professional fees and other related expenses of approximately HK\$3 million in relation to the fund raising activity and acquisition conducted by the Group throughout the Financial Year; and (iii) release from the recognition of one-off non-recurring listing expenses incurred last year of approximately HK\$3.86 million which partially net off the effect of the above factors.

Loss for the Financial Year attributable to owners of the Company

The Group recorded audited loss attributable to owners of the Company for the year ended 31 March 2013 of approximately HK\$9.17 million as compared to audited profit attributable to owners of the Company of approximately HK\$2.08 million last year. Such loss was mainly due to (i) share of loss arising from an associated company of approximately HK\$5.44 million; (ii) imputed interest incurred of approximately HK\$1.49 million in respect of the convertible bonds in relation to acquisition of 20% equity interests of Revenue Synthesis Limited; and (iii) the incurrence of a one-off legal and professional fees and other related expenses of approximately HK\$3 million in relation to the fund raising activity and acquisition conducted by the Group throughout the year. We wish to emphasize that items (i) & (ii) of the above losses of approximately HK\$6.93 million in aggregate is non-cash in nature and has no cash flow impact to the Group. Excluding these non-cash losses and one-off expenses associated with our fund raising and acquisition activities, the Group would have recorded a net profit for the Financial Year.

Liquidity and financial resources

During the Financial Year, the Group mainly financed its operations with its own working capital.

As at 31 March 2013, the Group had net current assets of approximately HK\$29.53 million (31 March 2012: approximately HK\$42.51 million). The Group had cash and bank balances of approximately HK\$96.81 million (31 March 2012: approximately HK\$42.48 million). Current ratio as at 31 March 2013 was approximately 1.43 (31 March 2012: 14.86).

The Group's gearing ratios as at 31 March 2013 was 67.16% (2012: N/A). Gearing ratio is calculated by dividing total net debt with the total equity. The increase in gearing ratio was due to the increase in the contingent consideration payable and convertible bond.

Throughout the Financial Year, the Group had minimal exposure in foreign currency risk as most of the business transactions, assets and liabilities were denominated in Hong Kong dollars. The Group will continue to monitor its foreign currency exposure closely.

Management Discussion and Analysis

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2013 (2012: Nil).

CAPITAL COMMITMENTS

As at 31 March 2013, the Group did not have any significant capital commitments (31 March 2012: Nil).

CAPITAL STRUCTURE

During the Financial Year, the Company has issued zero-coupon convertible bonds with a principal amount of HK\$87,500,000 which attached the conversion rights to convert 35,000,000 shares of the Company to the vendor as partial consideration in respect of the 20% Acquisition. Details of which is disclosed in to the announcement of the Company dated 5 December 2012. On 8 May 2013, the Company completed a bonus issue on the basis of three bonus shares for every one existing Share held. As a result of the bonus issue, the number of shares to be issued and allotted upon exercise of the conversation rights attached to the above issued convertible bonds had been adjusted to 140,000,000 shares.

During the Financial Year, 25,000,000 ordinary shares of nominal value HK\$0.01 each were allotted and issued to the vendor as partial consideration in respect of the completion of the 20% Acquisition. Details of which please refer to the announcement of the Company dated 5 December 2012.

On 17 December 2012, a placing agreement was entered into between the Company and a placing agent to procure not less than six placees, who were independent third parties, on a best effort basis, to subscribe up to an aggregate of 30,000,000 placing shares at HK\$2.00 per placing shares. All the placing shares were allotted and issued on 13 March 2013.

As at the Financial Year and as at 26 June 2013, being the latest practicable date prior to the printing of this annual report (the "Latest Practicable Date"), the issued share capital of the Company are HK\$5,550,000 divided into 555,000,000 shares and HK\$22,200,000 divided into 2,220,000,000 shares, respectively.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and as disclosed in the announcements of the Company dated 24 August 2012 and 9 May 2013, during the Financial Year and up to the Latest Practicable Date, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 28 September 2011 (the "Prospectus"), the Group did not have other plans for material investments and capital assets.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Financial Year, the Group acquired 20% equity interests in Revenue Synthesis Limited at a consideration of principal amount of approximately HK\$237.50 million.

On 13 June 2013, the Group further acquired and subscribed approximately 5% of the enlarged share capital in Revenue Synthesis Limited at a consideration of HK\$48 million.

Save as disclosed above, Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the Financial Year and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2013 (31 March 2012: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in either Hong Kong dollars, keeping a minimum exposure to foreign exchange risks.

TREASURY POLICIES

The Group adopts a conservative approach towards its treasury policies. The Group strives to reduce exposure to credit risk by performing ongoing credit evaluation of the financial conditions of its clients. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

PLEDGE OF ASSETS

As at 31 March 2013, the Group did not pledge any of its assets (31 March 2012: nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2013, the Group had 16 full-time employees (31 March 2012: 15), including the Directors. Total staff cost (including Directors' emoluments) were approximately HK\$3.95 million for the Financial Year as compared to approximately HK\$3.41 million in last year. Remuneration is determined with reference to market terms, performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus the Group's actual business progress for the period from 1 April 2012 to 31 March 2013 is set out below:

Business objectives for the period from 1 April 2012 to 31 March 2013 as stated in the Prospectus

Actual business progress for the period from 1 April 2012 to 31 March 2013

1. Enhancement of technical competence

- | | |
|--|--|
| <ul style="list-style-type: none">➤ Recruit staff for equity department and asset management division
➤ Provide regular training to staff | <ul style="list-style-type: none">➤ Our Group had recruited staff via referrals. The Group will continue to seek for suitable staff through online recruiters and referrals
➤ Our Group had provided regular in-house and/or external training to staff on a monthly basis. |
|--|--|

2. Expansion of the alliance network

- | | |
|---|--|
| <ul style="list-style-type: none">➤ Explore strategic partner alliance opportunities with Hong Kong and PRC financial institutions
➤ Seek for co-operation with government bodies or universities in Hong Kong and the PRC
➤ Co-ordinate cocktails and banquets to introduce network to other potential partner
➤ Organise promotional campaign to promote the strategic partner network system in the PRC | <ul style="list-style-type: none">➤ Opportunities were explored through different kind of seminar and forum held in Hong Kong and in the PRC
➤ The Group has re-designed and repackaged corporate profile and circulate to potential strategic partners
➤ Networking events were held and attended
➤ Our Group engaged a professional PR firm to assist us to organize any marketing event and to promote our Group's image |
|---|--|

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS *(Continued)*

3. Improvement of public awareness and brand building

- ▶ Participate in conference and meetings in relation to corporate finance advisory and other value-added consulting services
- ▶ Organise seminars with regard to corporate finance advisory services and follow up market campaign and monitor its effectiveness
- ▶ Formulate long-term marketing and promotion strategies
- ▶ Promote corporate social responsibility of the Group
- ▶ Staff members participated in various conference and meetings
- ▶ The Group formulated plans to organize seminars and follow up market campaigns. The Group engaged a professional PR firm to assist the Group to improve its public awareness and brand building
- ▶ Our Group, together with the professional PR firm is in the process of formulating long-term marketing and promotion strategies
- ▶ Our Group engaged a professional PR firm and will liaise with it to work on it

4. Provision of a wider range of financial services and engagement in investment

- ▶ Execute business expansion plan or other value-added consulting services and explore opportunities in new business areas and continue to provide a wide range of business and financial advisory services
- ▶ Apply for Type 9 regulated activity licence and set up infrastructure and system and begin operation and monitor the stability of the infrastructure and system
- ▶ Apply for Type 1 & 4 regulated activities licences
- ▶ Create a cash reserve of HK\$11.46 million for Type 1 & 4 regulated activities
- ▶ Create a reserve of HK\$2 million as working capital for Type 9 activity
- ▶ The Group conducted feasible studies on debt financing and IPO sponsoring services and have submitted to the Securities (the "SFC") and Futures Commission an application for conducting IPO sponsoring services. The Company will actively liaise with the SFC for the progress of the application
- ▶ The Group is seeking suitable staff members and investment strategies
- ▶ The Group was in the process of applying for Type 1 regulated activity licence
- ▶ A cash reserve of HK\$11.46 million for Type 1 & 4 regulated activities was created
- ▶ A cash reserve of HK\$2 million as working capital for Type 9 regulated activity was created

Looking ahead, the Group will continue to streamline its existing business operations and to explore other business opportunities which are in line with the Group's development strategy and will provide long-term benefits to the Company's shareholders.

Management Discussion and Analysis

OUTLOOK

In spite of the continuous unfavourable sentiment in the global economy and the competitive business environment in Hong Kong, we are optimistic and see potential opportunities in the corporate finance advisory services industry.

We will continue to pursue our core business, the provision of corporate finance advisory services mainly to listed and non-listed companies in Hong Kong and the PRC, and to strengthen it by enhancing technical competence, expanding the alliance network, improving public awareness, expanding the pre-initial public offering (“Pre-IPO”) fundraising business for non-listed companies. The Group will also continue to try to retain its existing clients by offering outstanding and competitive services and to obtain more new engagements from broadening of the client base, while maintaining its existing cost-effective business structure to stay competitive in the industry.

The Board is of the view that the AIDS Medication Business Acquisition is in line with one of the business strategies of the Group as stated in the Prospectus which is to seek investment in high-return projects. The Board believes that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China’s herbal medicine market for treating AIDS with few competitors, the AIDS Medication Business Acquisition represents an important milestone to the Group given the huge market potential in the AIDS medication industry. The Group will continue to seek for any possible acquisitions, including but not limited to, medical related business when opportunities arise in line with the aim to broaden the income source and diversify the business risk of the Group.

In addition, the Group will continue to study feasible projects with good potential returns to contribute a maximum wealth to Shareholders. Following the AIDS Medication Business Acquisition, the Group began to expose in sectors other than the finance industry and the Board considers exploring further corporation opportunities in, among others, the medical industry to expand its business scopes with a view to leverage the expertise and network in the medical and pharmaceutical industry of Revenue Synthesis Limited and Beijing Century Health Technology Development Company Limited.

The Company’s Directors and management will continue to dedicate their best effort to lead the Group to strive for the best interests for its shareholders.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Adapting and adhering to recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that leads to the success of the Company and balances the interests of its shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

In the opinion of the Directors, the Company has complied with all the code provisions as set out in Appendix 15 to the GEM Listing Rules (the “Code Provisions”) for the year ended 31 March 2013, except code provision A.2.1.

Code Provision A.2.1 provides that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Board considers that the Company is still in its growing stage and it would be beneficial to the Group for Mr. Wong Kam Wah (“Mr. Wong”) to assume both roles as the chief executive officer (“CEO”) and chairman of the Company, since the two roles tend to reinforce each other and are mutually enhancing in respect of the Group’s continual growth and development. When the Group has developed to a more sizeable organization, the Board will consider splitting the two roles. With the strong business experience of the Directors, they do not expect any issues would arise due to the combined role of Mr. Wong Kam Wah. The Group also has in place an internal control system to perform the check and balance function.

THE BOARD OF DIRECTORS

Composition and Responsibilities

The Board during the Financial Year and thereafter up to the Latest Practicable Date comprises:

Executive Directors:

Mr. Wong Kam Wah (*Chairman & CEO*) (appointed on 20 April 2011)

Mr. Lau Ling Tak (appointed on 21 September 2011 as an independent non-executive Director and re-designated as an executive Director on 21 June 2012)

Dr. Cheung Victor Chor Keung (appointed on 21 September 2011 and resigned on 29 April 2013)

Mr. Leung Man Kit (appointed on 21 September 2011)

Ms. Man Wing Yee Ginny (appointed on 21 February 2012 as a non-executive Director and re-designated as an executive Director on 25 June 2013)

Independent Non-executive Directors:

Mr. Chiu Chi Kong (appointed on 21 September 2011)

Mr. William Robert Majcher (appointed on 21 September 2011)

Mr. Yau Yan Ming Raymond (appointed on 21 September 2011)

THE BOARD OF DIRECTORS *(Continued)*

Composition and Responsibilities *(Continued)*

During the Financial Year and thereafter up to the Latest Practicable Date, the Board comprised seven Directors, of which four are executive Directors and three are non-executive Directors. Of the three non-executive Directors, all of them are independent non-executive Directors which represent more than one-third of the Board.

The biographical details of each Director are set out in the section Report of the Directors on pages 26 to 30.

Role and Function of the Board

While the Board is primarily overseeing and managing the Company's affairs, the chairman of the Board provides leadership to the Board in carrying out its duties. The executive Directors are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The non-executive Directors (including independent non-executive Directors) contribute valuable views and proposals for the Board's deliberation and decisions.

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year ended 31 March 2013, twelve Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
<i>Executive Directors:</i>	
Mr. Wong Kam Wah (<i>Chairman</i>) (appointed on 20 April 2011)	12/12
Mr. Lau Ling Tak (appointed on 21 September 2011 as an independent non-executive Director and re-designated as an executive Director on 21 June 2012)	12/12
Dr. Cheung Victor Chor Keung (appointed on 21 September 2011 and resigned on 29 April 2013)	12/12
Mr. Leung Man Kit (appointed on 21 September 2011)	12/12
Ms. Man Wing Yee Ginny (appointed on 21 February 2012 as a non-executive Director and re-designated as an executive Director on 25 June 2013)	12/12
<i>Independent non-executive Directors:</i>	
Mr. Chiu Chi Kong (appointed on 21 September 2011)	10/12
Mr. William Robert Majcher (appointed on 21 September 2011)	10/12
Mr. Yau Yan Ming Raymond (appointed on 21 September 2011)	12/12

Corporate Governance Report

THE BOARD OF DIRECTORS *(Continued)*

Board Meetings *(Continued)*

Appropriate notices are given to all Directors in advance for attending regular and other Board meetings. Meeting agendas and other relevant information are provided to the Directors in advance of Board meetings. All Directors are consulted to include additional matters in the agenda for Board meetings.

Directors have access to the advice and services of the company secretary of the Company (the “Company Secretary”) with a view to ensuring that Board procedures, and all applicable rules and regulations, are followed.

The Company Secretary is responsible for taking minutes of the Board and committee meetings. Minutes of the Board and committee meetings record in sufficient detail of matters and concerns discussed are kept by the Company Secretary and open for inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes of Board and committee meetings are sent to Directors for their comments and records within a reasonable time after each meeting. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed. Directors may seek independent professional advice in appropriate circumstances at the Company’s expense to assist them perform their duties to the Company. The Company has also arranged appropriate directors and officers liability insurance coverage for the Directors. The Company Secretary continuously updates all Directors on the latest development of the Listing Rules and other applicable regulatory requirements to ensure compliance and maintain good corporate governance practice.

Appointment, Re-election and Removal

All Independent non-executive Directors have entered into service contracts with the Company for a specific term of three years, subject to re-election.

The non-executive Director has entered into a service contract with the Company for a specific term of two years.

In accordance with the articles of association of the Company, at each annual general meeting the (“AGM”) one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the AGM.

All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of Shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election.

The Board has published procedures for Shareholders to propose a person for election as a Director on the Company’s website (www.chanceton.com) in March 2012 in compliance with the relevant GEM Listing Rules amendment effective on 1 April 2012.

THE BOARD OF DIRECTORS *(Continued)*

Nomination Committee

The Board established the nomination committee (the “Nomination Committee”) on 20 March 2012, with written terms of reference in compliance with the relevant Code Provisions effective on 1 April 2012. Its written terms of reference are available on the GEM website (www.hkgem.com) and the Company’s website (www.chanceton.com).

The composition of the Nomination Committee is as follow:

Independent non-executive Directors:

Mr. William Robert Majcher (*Chairman*)
Mr. Yau Yan Ming Raymond
Mr. Chiu Chi Kong

Executive Director:

Mr. Lau Ling Tak

The primary duties of the Nomination Committee include but not limited to the following:

- (1) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- (2) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (3) assess the independence of independent non-executive Directors; and
- (4) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive of the Company.

When identifying suitable candidates for directorship, the Nomination Committee will carry out the selection process by making reference to the skills, experience, education background, professional knowledge, personal integrity and time commitments of the proposed candidates, and also the Company’s needs and other relevant statutory requirements and regulations required for the positions. All candidates must be able to meet the standards as set forth in Rules 5.01 and 5.02 of the GEM Listing Rules. A candidate who is to be appointed as an Independent Non-executive Director should also meet the independence criteria set out in Rule 5.09 of the GEM Listing Rules. Qualified candidates will then be recommended to the Board for approval.

During the Financial Year, no meeting was convened and held by the Nomination Committee.

Corporate Governance Report

THE BOARD OF DIRECTORS *(Continued)*

Confirmation of Independence

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

Code of Conduct for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Financial Year.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of Executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration of the Company's performance and prevailing market conditions. The remuneration policy of non-executive Directors (including independent non-executive Directors) is to ensure that the non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. The emoluments of non-executive Directors are determined with reference to their skills, experience, knowledge, duties and market trends.

Remuneration Committee

The Board established the remuneration committee (the "Remuneration Committee") in September 2011, with written terms of reference in compliance with the Code Provisions (which were further reviewed by the Board in March 2012). The revised written terms of reference of the Remuneration Committee are available on the GEM website (www.hkgem.com) and the Company's website (www.chanceton.com).

The Remuneration Committee is responsible for, inter alia, making recommendations to the Board on the Company's emolument policy and on the establishment of a formal and transparent procedure for developing such policy.

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

(Continued)

Remuneration Committee (Continued)

The composition of the Remuneration Committee is as follows:

Independent Non-executive Directors:

Mr. Chiu Chi Kong (Chairman)

Mr. William Robert Majcher

Mr. Yau Yan Ming Raymond

Executive Director:

Mr. Lau Ling Tak

The Remuneration Committee members held one meeting during the Financial Year, and the attendance records of individual Remuneration Committee members are set out below:

	Number of Meetings Attended/Held
Mr. Chiu Chi Kong (Chairman)	1/1
Mr. Lau Ling Tak	1/1
Mr. William Robert Majcher	1/1
Mr. Yau Yan Ming Raymond	1/1

ACCOUNTABILITY AND AUDIT

Financial Reporting

It is the responsibility of the Board to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. Management shall provide such explanation and information to the Board as will enable the Board to make an informed assessment of financial and other information presented before the Board for approval.

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 40 to 106 were prepared on the basis set out in notes 2 and 3 to the Consolidated Financial Statements. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT *(Continued)*

Financial Reporting *(Continued)*

During the Financial Year, the Company engaged HLB Hodgen Impey Cheng Limited (“HLB”) as the external auditors whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that, HLB Hodgen Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming AGM. Apart from providing audit services, no audit related or non-audited services were provided by HLB throughout the Financial Year. The fees in respect of audit services by HLB for the year ended 31 March 2013 amounted to approximately HK\$320,000 (2012: HK\$320,000).

The reporting responsibilities of HLB are set out in the Independent Auditors’ Report on pages 38 to 39.

Internal Control

The Board is responsible for establishing, maintaining and operating a sound and effective internal control system to safeguard Shareholders’ investment and the Group’s assets. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operating systems and achievement of the Group’s objectives.

The Board, assesses the effectiveness of the Group’s internal control system, which covers all material controls, including financial, operational and compliance controls as well as risk management functions, on an annual basis. Significant issues in the management letters from both internal and external auditors will be brought to the attention of the Audit Committee to ensure that prompt remedial action is taken. All recommendations will be properly followed up to ensure they are implemented within a reasonable period of time.

During the Financial Year, the Board conducted reviews on the effectiveness of the internal control system as required by the Code Provisions, including review on the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting and financial reporting function. The Audit Committee also reviewed with members of the management the work done and the results of such reviews.

Audit Committee

The Board established the Audit Committee in September 2011, with written terms of reference in compliance with the Code Provisions (which were further reviewed by the Board in March 2012). The revised written terms of reference of the Remuneration Committee are available on the GEM website (www.hkgem.com) and the Company’s website (www.chanceton.com).

The Audit Committee reports to the Board and has held regular meetings since its establishment to review and make recommendations to improve the Group’s financial reporting process and internal controls.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee *(Continued)*

The composition of the Audit Committee is as follows:

Independent non-executive Directors:

Mr. Yau Yan Ming Raymond (*Chairman*)

Mr. Chiu Chi Kong

Mr. William Robert Majcher

Executive Director:

Mr. Lau Ling Tak

The Audit Committee members held four meetings during the Financial Year, and the attendance records of individual Audit Committee members are set out below:

	Number of Meetings Attended/Held
Mr. Yau Yan Ming Raymond (<i>Chairman</i>)	4/4
Mr. Chiu Chi Kong	4/4
Mr. Lau Ling Tak	4/4
Mr. William Robert Majcher	4/4

During the Financial Year, the Audit Committee had undertaken the follow duties:

- Met with external auditors to discuss the general scope of their audit work;
- Reviewed external auditors' management letter and management's response;
- Reviewed management representation letter;
- Reviewed the completeness and effectiveness of internal control system;
- Reviewed and approved internal audit plan;
- Reviewed and approved the engagement of external auditors for providing non-audit services;
- Reviewed and approved the remuneration in respect of audit and non-audit services provided by external auditors;
- Reviewed the independence and objectivity of external auditors;
- Met with external auditors to discuss issues arising from the audit of annual accounts and review of interim and quarterly accounts;
- Reviewed the annual report and accounts, half-year interim report as well as quarterly report;
- Recommended to the Board the appointment of external auditors; and

Corporate Governance Report

ACCOUNTABILITY AND AUDIT *(Continued)*

Audit Committee *(Continued)*

Reviewed the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report.

Delegation by the Board

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the Executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with Shareholders, Board membership, delegation of authority and corporate governance.

Communication with Shareholders

The Board recognises the importance of good communications with Shareholders and investors. The Company establishes various communication channels with its shareholders and investors. These include the annual general meeting, the extraordinary general meeting, the annual, interim and quarterly reports, notices, announcements, circulars, and the Company's website.

General meetings (including annual general meeting and extraordinary general meeting) provide useful forum for Shareholders to exchange views with the Board. The Board welcomes Shareholders to express their opinions. Directors, senior management are available to answer questions at general meetings and external auditors will also attend the annual general meeting to address Shareholders' queries. Separate resolutions are proposed at general meetings on each substantially separate issue, including the re-election of individual Directors. The notice of the meeting, the annual report and the circular containing information on the proposed resolutions are sent to Shareholders at least twenty clear business days before the meeting. Voting at general meetings are by way of a poll. Details of the poll voting procedures are explained to Shareholders at general meetings to ensure that Shareholders are familiar with such procedures. The results of the poll are published on the GEM website (www.hkgem.com) and the Company's website (www.chanceton.com).

Hong Kong, 28 June 2013

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2013 (the “Consolidated Financial Statements”).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 19 to the Consolidated Financial Statements.

USE OF PROCEEDS

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 20 April 2011 and became the holding company of the companies now comprising the Group on 21 September 2011. As part of the preparation for listing of the shares of the Company, the Company implemented a capitalisation issue of 379,999,900 shares and an issue of 120,000,000 new shares during placing for listing in October 2011 (the “Placing”). All such shares were ordinary shares and the 120,000,000 new shares were issued at HK\$0.30 per share.

The net proceeds from the listing of the Company were approximately HK\$31 million. During the period from the listing date on 12 October 2011 (the “Listing Date”) to 31 March 2013, the net proceeds from the listing were applied as follows:

	Planned use of proceeds as stated in the Prospectus from the Listing Date to 31 March 2013 <i>HK\$ million</i>	Actual use of proceeds from the Listing Date to 31 March 2013 <i>HK\$ million</i>	Unutilised amount of the planned use of proceeds as stated in the Prospectus from the Listing Date to 31 March 2013 <i>HK\$ million</i>
Enhancement of technical competence			
– Recruit additional staff	0.30	0.30	–
– Enhance computer system	0.30	0.30	–
Expansion of the alliance network	0.60	0.60	–
Improvement of public awareness and brand building	0.30	0.30	–
Provision of a wider range of financial services and engagement in investment			
– Asset management division	6.00	–	6.00
– Equity capital market division	18.46	2.50	15.96
Project investment	2.50	–	2.50
Working capital	1.70	1.70	–
	30.16	5.70	24.46

Report of the Directors

USE OF PROCEEDS *(Continued)*

The Directors are not aware of material change to the planned use of proceeds as at the Latest Practicable Date. Any net proceeds that were not applied immediately were deposited in licensed bank in Hong Kong.

RESULTS

The results of the Group for the year ended 31 March 2013 of the Group are set out in Consolidated Financial Statements on pages 40 to 106.

RESERVES

Movement in the reserves of the Group and the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 43 and note 29 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2013, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$133,085,000 (2012: approximately HK\$24,734,000).

SHARE CAPITAL

Details of movements in share capital of the Company during the Financial Year are set out in note 28 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue generated from the Group's five largest customers accounted for approximately 65.2% of the total revenue of the Group for the Financial Year and revenue generated from the largest client accounted for approximately 35.4%. Due to the nature of the Group's principal business activities, the Group has no major suppliers. The Group engages information technology and office supplies vendors to facilitate the operation of its business.

To the best knowledge of Directors, none of the Directors or their respective associates or any Shareholders who own more than 5% of the Company's issued share capital has any interest in any of the Group's five largest customers or the Group's information technology or office supplies vendors.

PLANT AND EQUIPMENT

Details of movement in plant and equipment during the Financial Year are set out in note 17 to the Consolidated Financial Statements.

BORROWINGS

As at 31 March 2013, the Group had no banking facilities and had no borrowings outstanding (2012: Nil).

INTERESTS OF THE JOINT COMPLIANCE ADVISERS

As notified by the joint compliance advisers of the Company, Grand Vinco Capital Limited and Ample Capital Limited (the “Joint Compliance Advisers”), neither the Joint Compliance Advisers nor their directors or employees or associates had any interests in any class of securities of the Company or any other company in the Group (including options or rights to subscribe for such securities) as at 31 March 2013. Pursuant to the agreements dated 28 September 2011 entered into between the Joint Compliance Advisers and the Company, the Joint Compliance Advisers received and will receive fees for acting as the Joint Compliance Advisers.

DIRECTORS

The Directors who hold office during the Financial Year and up to Latest Practicable Date:

Executive Directors

Mr. Wong Kam Wah, aged 39, is the founder, an executive Director, the chief executive officer, chairman and the compliance officer of the Company. Mr. Wong was appointed as an executive Director on 20 April 2011 and the chief executive officer, chairman and compliance officer of the Group on 21 September 2011. Mr. Wong is responsible for formulating corporate strategy, planning, business development as well as overseeing the operations of the Group’s business and handling the Group’s compliance matters.

Mr. Wong has become a Licensed Representative of Type 6 (advising on corporate finance) regulated activity since 6 May 2003 and a Responsible Officer licensed by the SFC since 21 December 2006. He has been a member of the American Institute of Certified Public Accountants since August 1998 and obtained a Bachelor of Commerce degree from the University of Toronto in June, 1997 and a Bachelor of Laws (external degree) from the University of London in August, 2001.

Mr. Wong has extensive experience in the financial services industry and has entered the financial market since 1999. Specialised in the corporate finance advisory services, he has handled a number of corporate finance transactions such as IPOs, M&As, capital raising activities, corporate restructuring and corporate transactions. He has advised a number of listed companies in relation to transactions on disclosures, deal structuring and due diligence during his previous employment at Baron Capital Limited from January 2003 to March 2006, South China Capital Limited from April 2006 to April 2007 and KGI Capital Asia Limited from April 2007 to May 2008 and current employment in Chanceton Capital.

Report of the Directors

DIRECTORS *(Continued)*

Dr. Cheung Victor Chor Keung, aged 52, joined the Group in October 2009 as a consultant and was appointed as the president of the Group in February 2011 and an executive Director on 21 September 2011.

Dr. Cheung obtained the degree of Master of Business Administration (MBA) from the University of California at Berkeley in the U.S.A. in May 1996, and the degree of Master of Philosophy in Business Studies from Massey University in New Zealand in December 1998. He enrolled in the doctorate program at The University of Hong Kong in January 1999 and received the degree of Doctor of Philosophy in December 2005.

Dr. Cheung is an experienced practitioner in the financial sector. He joined Morgan Stanley in 2004 and worked in the position of financial adviser for several years. He is currently a Responsible Officer of Chanceton Capital offering corporate finance advice under a Type 6 (advising on corporate finance) regulated activity license granted in December 2009 by the SFC. As the president of the Group, he works with the Group's chairman, Mr. Wong, to oversee the Group's overall operation, strategic direction and business development, and to promote the Group's business.

Dr. Cheung resigned as an executive Director on 29 April 2013.

Mr. Leung Man Kit, aged 59, joined the Group in March 2011 and his principal responsibilities are the provision of corporate advisory services to clients. Mr. Leung was appointed as an executive Director on 21 September 2011.

Mr. Leung obtained the degree of Bachelor of Social Sciences from the University of Hong Kong in October 1977 and has over 30 years of experience in project finance and corporate finance. He held senior positions with Peregrine Capital Limited from January 1992 to December 1993, SG Securities (HK) Limited (previously known as Crosby Securities (Hong Kong) Limited) from January 1994 to November 1997, and Swiss Bank Corporation, Hong Kong Branch from December 1997 to September 1998. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P. from February 1999 to August 2001. Mr. Leung was an executive director of Cosmopolitan International Holdings Ltd (stock code: 120) from June 2006 to December 2006 and was an independent non-executive director of Anhui Expressway Company Limited (Stock Code: 0995) from August 2005 to August 2011.

He is currently a Responsible Officer of Chanceton Capital. He has been an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company since July 2002. He has been an independent non-executive director of Junefield Department Store Group Limited (stock code: 758) from December 2002 to May 2013, China Ting Group Holdings Limited (stock code: 3398) since November 2005 and Orange Sky Golden Harvest Entertainment (Holdings) Limited (stock code: 1132) since February 2008, all of which are listed on the Stock Exchange.

DIRECTORS *(Continued)*

Mr. Lau Ling Tak, aged 38, joined the Group as an independent non-executive Director on 21 September 2011 and re-designated as an executive Director on 21 June 2012, he is responsible for formulating corporate strategy, planning and business development of the Group. He is a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee.

Mr. Lau obtained the degree of Bachelor of Engineering in Building Services Engineering (Building Electrical Services) from the Hong Kong Polytechnic University in November 2001. Mr. Lau holds the qualification of Chartered Engineer (CEng) since June 2003 and has also been a member of the Society of Operations Engineers (MSOE), Institute of Plant Engineers (MIPlantE) and the International Institute of Management (MIIM) since June 2003, October 2002 and July 2003 respectively.

Mr. Lau has substantial experience in the medical and health care industry. He founded GHC Holdings Limited (previously known as Bio-life (China) Limited) in January 2005 and was appointed as the managing director from its establishment until October 2008. GHC Holdings Limited principally provides medical and dermatology services for the general public through its general clinics and specialist polyclinics that operate in Hong Kong.

From October 2008 to May 2009, Mr. Lau was the director of development of Quality HealthCare Medical Centre Limited, a subsidiary of Allied Overseas Limited (formerly known as Quality HealthCare Asia Limited) (Stock Code: 593) which is a physician led provider group offering an integrated range of healthcare services through a network of medical centres, dental and physiotherapy centres.

Ms. Man Wing Yee Ginny, aged 39, joined the Group as a non-executive Director on 21 February 2012 and re-designated as an executive Director on 25 June 2013. She has over 8 years of experience in legal practice focusing on China inbound and outbound investment, finance, mergers and acquisitions and corporate restructuring. She has been working as a consultant at Century Health Medical Technology Limited and Century Health Technology Limited since 2010. She also worked as an assistant solicitor at Tsun & Partners from 2008 to January 2012 and was admitted as a solicitor of the High Court of Hong Kong SAR in August 1999.

She is currently a member of the Law Society of Hong Kong. Ms. Man received a Bachelor of Arts degree majoring in French and International Relations from Wellesley College at Massachusetts in the USA in 1995.

Independent non-executive Directors

Mr. Chiu Chi Kong, aged 45, is an independent non-executive Director. Mr. Chiu was appointed as an independent non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

Report of the Directors

DIRECTORS *(Continued)*

Mr. Chiu obtained a Bachelor of Laws degree from The University of Hong Kong in December 1992 and a Bachelor of Laws degree from Peking University in July 1997. He was admitted as a solicitor of the High Court of Hong Kong in September 1995 and solicitor of the Supreme Courts of England and Wales in October 1996.

Mr. Chiu is a practicing solicitor in Hong Kong. Since November 2006, he has been a partner of Li & Partners, a law firm in Hong Kong practising in corporate finance transactions such as IPOs, mergers and acquisitions and corporate transactions. He has considerable experience in corporate finance and compliance matters for listed companies in Hong Kong. He is a member of the Law Society of Hong Kong and the Law Society of England and Wales. Mr. Chiu is also a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC since April 2006 and an accredited mediator of Hong Kong International Arbitration Centre since January 2004. Mr. Chiu is currently an independent non-executive Director of China Bio-Med Regeneration Technology Limited (stock code: 8158).

Mr. William Robert Majcher, aged 50, is an independent non-executive Director. Mr. Majcher was appointed as an independent non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Mr. Majcher obtained a degree of Bachelor of Commerce from St. Mary's University, Halifax, Nova Scotia, Canada in May 1984. From 1985 to 2007, Mr. Majcher served in the Royal Canadian Mounted Police (RCMP) and was involved in the detection and prosecution of some publicly reported money laundering cases in the United States and Canada as an undercover agent.

Mr. Majcher has been an executive director of China Investment Fund Company Limited (stock code: 612) from August 2007 to January 2013 and has been appointed to the board of directors of Evolving Gold Corporation (TSX "EVG", FSE "EV7"), a company listed on both TSX Venture Exchange of Canada and Frankfurt Stock Exchange, with effect from 21 September 2007. Mr. Majcher has also been appointed as a director of Q-Gold Resources Ltd., a company listed on TSX Venture Exchange of Canada, since 4 November 2010. Mr. Majcher was a director of First Star Resources Inc., a company listed on TSX Venture Exchange of Canada, from February 2011 to September 2011. He was also a director of Stealth Energy from December 2010 to September 2011, a company listed on the Canadian National Stock Exchange.

Mr. Yau Yan Ming Raymond, aged 45, is an independent non-executive Director. Mr. Yau was appointed an independent non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Yau obtained a Master Degree of Science in Japanese Business Studies in December 1995 from Chaminade University of Honolulu and a bachelor's degree in business administration majoring in accounting in December 1993 from the University of Hawaii at Manoa in the United States.

DIRECTORS *(Continued)*

Mr. Yau has over 14 years of work experience in auditing, accounting, taxation, company secretarial, corporate finance and financial management, in both private and listed companies. Mr. Yau has been an associate member of the Hong Kong Institute of Certified Public Accountants since October 2004 and a practicing member of American Institute of Certified Public Accountants since July 2001. Mr. Yau has been also a fellow member of The Taxation Institute of Hong Kong since March 2010 and certified tax adviser of The Taxation Institute of Hong Kong since January 2011. He is currently an executive director of Chinese Energy Holdings Limited (formerly known as iMerchants Limited) (stock code: 8009) and an independent non-executive director of Willie International Holdings Limited (stock code: 273), Tack Fat Group International Limited (stock code: 928). Mr. Yau has been an independent non-executive director of Birmingham International Holdings Limited (stock code: 2309) from October 2007 to May 2013, all of which are companies listed on the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years but the service agreement is terminable by either party giving three months' written notice or payment in lieu to the other party.

Each of the independent non-executive Directors has entered into letter of appointment with the Company for an initial term of three years, subject to retirement by rotation and re-election at annual general meeting and until terminated by not less than one month's written notice served by either party on the other.

No Director has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 5.09 of the GEM Listing Rules and all of them are considered to be independent.

In accordance with the Company's Articles of Association, all existing Directors shall hold office until the forthcoming AGM and being eligible, will offer themselves for re-election at the forthcoming AGM.

DIRECTORS' INTERESTS IN CONTRACT

Save for aforesaid, there was no contract of significance to which the Company or its holding company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the Financial Year or at any time during the Financial Year.

Report of the Directors

NON-COMPETITION UNDERTAKING

In order to eliminate any existing and future competing business with the Group, a deed of non-competition undertaking dated 21 September 2011 (the “Deed”) was given by Mr. Wong, Kate Glory Limited (“Kate Glory”) and each of the executive Directors (collectively referred to as the “Covenantors”) in favour of the Group.

The Covenantors’ obligations under the Deed are conditional upon the conditions stated under the paragraph headed “Conditions of the Placing” in the section headed “Structure and conditions of the Placing” of the Prospectus.

Pursuant to the Deed, each of the Covenantors undertakes to the Group that during the period in which the relevant Covenantor remains as a Director or a controlling Shareholder (as the case may be) that it/he shall not, and shall procure that its/his associates shall not, carry on or be engaged, concerned or interested, directly or indirectly, in any business in Hong Kong similar to the activity consisting of corporate finance and management consulting services, and businesses that the Group is currently and from time to time carrying on.

The Deed shall cease to be of any force and effect:

- a) in relation to each of Mr. Wong and Kate Glory, the date on which he/it ceases (directly or indirectly) to be a controlling shareholder of the Company; and
- b) in relation to each of the executive Directors, the date on which he ceases to be a Director.

Pursuant to the deeds of non-competition executed by each of the Covenantors, each of the Covenantors undertakes to the Company that he is not and shall not be engaged in any business in competition with that of the Group.

In addition, in order to protect the interests of the independent Shareholders, the following arrangements will be adopted by the Company in respect of the implementation of the deeds of noncompetition:

- the independent non-executive Directors will review, on an annual basis, compliance with the deeds of non-competition by the relevant parties;
- the controlling Shareholders will enhance the transparency of the Company by providing an annual confirmation as to compliance with the deed of non-competition in the Company’s annual report and provide the necessary information for the review by the independent non-executive Directors; and
- the Company will disclose result of the findings found (if any) by the independent non-executive Directors relating to the enforcement of the deeds of non-competition in the Company’s annual report or, by way of an announcement to the public.

The independent non-executive Directors had reviewed and confirmed that the Covenantors have complied with the non-competition undertaking and the non-competition undertaking has been enforced by the Company in accordance with its terms.

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

As at 31 March 2013, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 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, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director and chief executive	Capacity	Number of ordinary shares held	Number of underlying shares pursuant to share option	Aggregate Interests	Approximate percentage of shareholding in the Company
Mr. Wong Kam Wah	Interest held as beneficial owner and through controlled corporation	300,000,000 (Note)	-	300,000,000	54.05%
Ms. Man Wing Yee Ginny	Beneficial owner	47,510,000	-	47,510,000	8.56%

Note: These shares are registered in the name of Kate Glory Limited ("Kate Glory"). Mr. Wong Kam Wah is the beneficial owner of 100% of the issued share capital of Kate Glory. Mr. Wong is deemed to be interested in 300,000,000 shares of the Company held by Kate Glory.

Save as disclosed above, as at 31 March 2013, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests 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, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2013, so far as was known to the Directors, the following persons/ entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

(a) Long positions of the Company

Name of shareholders	Capacity	Nature of interest	Number of ordinary shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited (Note 1)	Beneficial owner	Corporate	300,000,000	54.05%
Ms. Man Wing Yee Ginny	Beneficial owner	Personal	47,510,000	8.56%
Ms. Ho Chiu Ha Maisy (Note 2)	Beneficial owner	Personal	24,000,000	4.32%
	Interest of a controlled corporation	Corporate	100,000,000	18.02%
Refulgent Sunrise Limited (Note 2)	Beneficial owner	Corporate	100,000,000	18.02%
Mr. Tsang Yan (Note 2)	Interest of a controlled corporation	Corporate	100,000,000	18.02%

Note:

- 1) Kate Glory Limited is an investment holding company incorporated in the BVI with limited liability, its entire issued share capital is wholly and beneficially owned by Mr. Wong Kam Wah.
- 2) Ms. Ho Chiu Ha Maisy has a total interest in 124,000,000 shares, of which (i) 25,000,000 shares were allotted to Refulgent Sunrise Limited, a company owned as to 64% by Mr. Tsang Yan and 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy and Mr. Tsang Yan are deemed to be interested in this shareholding through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 24,000,000 shares; and (iii) 75,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (Continued)

(b) Convertible bonds

Name of bondholder	Date of issue	Conversion period	Conversion price per share HK\$	Outstanding as at 31 March 2013	Number of underlying shares	Approximate percentage of the issued share capital of the Company
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	2.50	35,000,000	35,000,000	6.31%
	pending	pending	2.50	40,000,000	40,000,000	7.21%

Save as disclosed above, as at 31 March 2013, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the reporting period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors, their respective spouse or children under 18 years of age to acquire such rights in the Company or any other body corporate.

SUFFICIENCY OF PUBLIC FLOAT

As at the Latest Practicable Date, based on the information that is publicly available to the Company and within the knowledge the Directors, the Directors confirm that the Company has maintained the amount of public float as required under the GEM Listing Rules.

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

Neither the Company, nor any of its subsidiaries, has purchased, redeemed or sold any of the Company's listed shares during the Financial Year.

Report of the Directors

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the Financial Year, none of the Directors, the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause a significant competition with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with such required standard of dealings and its code of conduct regarding securities transactions by Directors during the Financial Year.

CONNECTED TRANSACTIONS

The Company had not entered into any connected transaction during the Financial Year, which is required to be disclosed under the GEM Listing Rules.

SHARE OPTION SCHEME

The purpose of the share option scheme (the "Scheme") is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

Eligible person under the Scheme include (collectively "Eligible Persons"):

- (i) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group (collectively "Employee");
- (ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of the Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group; any customer of the Group; or any holder of securities issued by any member of the Group (collectively "Business Associate"); and
- (iii) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (1) such person's contribution to the development and performance of the Group; (2) the quality of work performed by such person for the Group; (3) the initiative and commitment of such person in performing his duties; (4) the length of service or contribution of such person to the Group; and (5) such other factors as considered to be applicable by the Board).

SHARE OPTION SCHEME *(Continued)*

The Company has conditionally adopted the Scheme on 21 September 2011 under which the Eligible Persons may be granted options to subscribe for the Company's shares. The principal terms of the Scheme are summarised in the paragraph headed "Share Option Scheme" in Appendix V to the Prospectus. The principal terms of the Scheme are summarised as follows:

The Scheme was adopted for a period of 10 years commencing from 21 September 2011 and remains in force until 20 September 2021. The Company may, by resolution in general meeting or, such date as the Board determined, terminate the Scheme at any time without prejudice to the exercise of options granted prior to such termination.

The subscription price per share of the Company for each option granted shall be a price solely determined by the Board and notified to an Eligible Person and shall be at least the highest of:

1. the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant of option (the "Date of Grant") which must be a trading day;
2. the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and
3. the nominal value of the shares of the Company on the Date of Grant.

Upon acceptance of the options, the grantee shall pay a nominal value as determined by the Board to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within the date as specified in the offer letter issued by the Company, being a date not later than 10 business days from the date upon which it is made. The exercise period of any option granted under the Scheme shall not be longer than 10 years commencing on the date of grant and expiring on the last day of such 10-year period subject to the provisions for early termination as contained in the Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue as at the date of approval.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. Any further grant of options in excess of this 1% limit shall be subject to issuance of a circular by the Company and approved by its shareholders in accordance with the GEM Listing Rules.

From the adoption date of the Scheme to 31 March 2013, no share option was granted, exercised or lapsed under the Scheme.

Report of the Directors

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer the new shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 15 to 23 in this annual report.

AUDITORS

The consolidated financial statements for the year ended 31 March 2012 were audited by HLB Hodgson Impey Cheng.

In March 2012, the practice of HLB Hodgson Impey Cheng was reorganised as HLB Hodgson Impey Cheng Limited. An ordinary resolution for the appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company has been passed at annual general meeting held on 30 July 2012.

The accounts for the year ended 31 March 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

By order of the Board

Chanceton Financial Group Limited
Wong Kam Wah
Chairman, CEO and Executive Director

Hong Kong, 28 June 2013

Independent Auditors' Report



國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CHANCETON FINANCIAL GROUP LIMITED

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chanceton Financial Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 40 to 106, which comprise the consolidated and company statements of financial position as at 31 March 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

Independent Auditors' Report

AUDITORS' RESPONSIBILITY *(Continued)*

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 28 June 2013

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000 (restated)
Revenue	8	8,526	13,566
Other revenue	8	112	190
Administrative and operating expenses		(11,009)	(10,238)
Change in fair value of contingent consideration payable		(47)	–
Finance cost	9	(1,494)	–
Share of result of an associate	18	(5,444)	–
(Loss)/profit before tax	10	(9,356)	3,518
Income tax	13	188	(1,435)
(Loss)/profit for the year		(9,168)	2,083
Other comprehensive loss, net of tax			
Share of changes in other comprehensive income in an associate	18	(3)	–
Other comprehensive loss for the year, net of tax		(3)	–
Total comprehensive (loss)/income for the year		(9,171)	2,083
(Loss)/profit attributable to owners of the Company for the year		(9,168)	2,083
Total comprehensive (loss)/income attributable to owners of the Company for the year		(9,171)	2,083
(Loss)/earnings per share	16		
Basic and diluted (HK cents)		(0.42)	0.10

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Plant and equipment	17	93	178
Interest in an associate	18	235,483	–
		235,576	178
Current assets			
Trade receivables	20	786	2,493
Prepayments, deposits and other receivables	21	399	352
Amount due from a related company	22	62	20
Tax recoverable		953	224
Cash and cash equivalents	23	96,810	42,484
		99,010	45,573
Less: Current liabilities			
Other payables and accruals	24	731	3,067
Contingent consideration payable	25	68,745	–
		69,476	3,067
Net current assets		29,534	42,506
Total assets less current liabilities		265,110	42,684
Less: Non-current liabilities			
Convertible bond	26	61,605	–
Deferred tax liabilities	27	9,430	–
		71,035	–
Net assets		194,075	42,684
EQUITY			
Equity attributable to the owners of the Company			
Share capital	28	5,550	5,000
Reserves		188,525	37,684
Total equity		194,075	42,684

Approved by the Board on 28 June 2013 and signed on its behalf by:

Mr. Wong Kam Wah
Chairman

Mr. Lau Ling Tak
Director

The accompanying notes form an integral part of these consolidated financial statements.

Statement of Financial Position

At 31 March 2013

	Notes	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Interests in subsidiaries	19	240,950	20
Current assets			
Prepayments, deposits and other receivables		20	16
Cash and cash equivalents		93,695	34,734
		93,715	34,750
Less: Current liabilities			
Other payables and accruals		569	320
Contingent consideration payable	25	68,745	–
Amounts due to subsidiaries	19	6,974	4,696
		76,288	5,016
Net current assets		17,427	29,734
Total assets less current liabilities		258,377	29,754
Less: Non-current liabilities			
Convertible bond	26	61,605	–
Deferred tax liabilities	27	9,430	–
		71,035	–
Net assets		187,342	29,754
EQUITY			
Equity attributable to the owners of the Company			
Share capital	28	5,550	5,000
Reserves	29	181,792	24,754
Total equity		187,342	29,754

Approved by the Board on 28 June 2013 and signed on its behalf by:

Mr. Wong Kam Wah
Chairman

Mr. Lau Ling Tak
Director

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (Note (i))	Exchange translation reserve HK\$'00 (Note (ii))	Convertible bond reserve HK\$'000 (Note (iii))	Retained profits/ (Accumulated losses) HK\$'000	Total equity HK\$'000
At 1 April 2011	530	-	-	-	-	11,616	12,146
Profit and total comprehensive income for the year	-	-	-	-	-	2,083	2,083
Effect of reorganisation	(529)	-	529	-	-	-	-
Effect of capitalisation issue	3,799	(3,799)	-	-	-	-	-
Issue of new shares upon listing	1,200	34,800	-	-	-	-	36,000
Transaction costs attributable to issue of new shares	-	(1,545)	-	-	-	-	(1,545)
Interim dividend paid	-	-	-	-	-	(6,000)	(6,000)
At 31 March 2012 and 1 April 2012	5,000	29,456	529	-	-	7,699	42,684
Loss for the year	-	-	-	-	-	(9,168)	(9,168)
Other comprehensive loss for the year	-	-	-	(3)	-	-	(3)
Total comprehensive loss for the year	-	-	-	(3)	-	(9,168)	(9,171)
Equity component of First Convertible Bond	-	-	-	-	27,375	-	27,375
Equity component of contingent consideration payable	-	-	30,996	-	-	-	30,996
Deferred tax arising on issue of First Convertible Bond and contingent consideration payable	-	-	(5,165)	-	(4,519)	-	(9,684)
Issue of consideration shares	250	53,500	-	-	-	-	53,750
Issue of ordinary shares	300	59,700	-	-	-	-	60,000
Transaction costs attributable to issue of ordinary shares	-	(1,875)	-	-	-	-	(1,875)
At 31 March 2013	5,550	140,781	26,360	(3)	22,856	(1,469)	194,075

Notes:

- (i) For the year ended 31 March 2012, the amount represented the difference between the nominal amount of shares issued by the Company and the aggregate amount of the share capital of subsidiaries acquired under common control pursuant to the Reorganisation as detailed in Note 1. For the year ended 31 March 2013, the amount represented the equity component of the contingent consideration payable.
- (ii) The amount represented the share of changes in other comprehensive income in an associate which is the exchange differences relating to the translation of the net assets of the associate's foreign operations from their functional currencies to the associate's presentation currency.
- (iii) The amount represented the equity component of the First Convertible Bond issued during the year ended 31 March 2013 (Note 26).

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2013

	2013 HK\$'000	2012 HK\$'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(9,356)	3,518
Adjustments for:		
Bank interest income	(1)	–
Depreciation	94	119
Change in fair value of contingent consideration payable	47	–
Impairment loss on trade receivables	630	–
Share of result of an associate	5,444	–
Finance cost	1,494	–
	(1,648)	3,637
Decrease/(increase) in trade receivables	1,077	(2,422)
Increase in prepayments, deposits and other receivables	(47)	(158)
Increase in amount due from a related company	(42)	(13)
(Decrease)/increase in other payables and accruals	(2,336)	2,438
Decrease in amount due to a related company	–	(9)
	(2,996)	3,473
Cash (used in)/generated from operations	(2,996)	3,473
Hong Kong tax paid	(795)	(5,269)
	(3,791)	(1,796)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1	–
Purchases of plant and equipment	(9)	(43)
	(8)	(43)
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in amount due to a shareholder	–	(371)
Proceeds from issue of ordinary shares upon listing	–	36,000
Payment for transaction costs attributable to issue of ordinary shares	(1,875)	(1,545)
Issue of ordinary shares	60,000	–
Dividend paid	–	(6,000)
	58,125	28,084
Net cash inflow from financing activities	58,125	28,084
NET INCREASE IN CASH AND CASH EQUIVALENTS	54,326	26,245
Cash and cash equivalents at beginning of year	42,484	16,239
CASH AND CASH EQUIVALENTS AT END OF YEAR	96,810	42,484
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	96,810	42,484

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 March 2013

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 20 April 2011. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681 KY1-1111, Cayman Islands. The principal place of business is located at Unit A, 23/F, CMA Building, 64-66 Connaught Road Central, Hong Kong.

The Company had its primary listing on the Growth Enterprise Market (the “GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 October 2011.

Prior to the incorporation of the Company and the completion of the reorganisation (the “Reorganisation”), the Group’s business was carried out by the subsidiaries now comprising the Group and were all controlled by Mr. Wong Kam Wah (“Mr. Wong”). The Group’s Reorganisation was completed on 21 September 2011 and thereafter, the Company became the holding Company of the Group.

The Reorganisation involved the following:

- (a) On 20 April 2011, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$200,000,000,000 divided into 20,000,000,000,000 ordinary shares of HK\$0.01 each, one of which was allotted and issued to the subscriber of the memorandum of association of the Company and was transferred to Kate Glory Limited (“Kate Glory”) on the same date at par value;
- (b) The Company incorporated Chanceton Alliance (II) Investments Holdings Limited (“CA(II)IHL”), Chanceton Alliance (III) Investments Holdings Limited (“CA(III)IHL”) and Chanceton Alliance (IV) Investments Holdings Limited (“CA(IV)IHL”) in British Virgin Islands (“BVI”) on 6 May 2011 as wholly-owned subsidiaries of the Company;
- (c) Mr. Wong disposed of the entire issued share capital of Chanceton Alliance Investments Holdings Limited (“Chanceton Alliance”) to the Company in consideration of the allotment and issue of 24 shares of the Company credited as fully paid to Kate Glory at the direction of Mr. Wong;
- (d) Mr. Wong disposed of the entire issued share capital of Chanceton Consulting Limited (“Chanceton Consulting”) to CA(II)IHL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory at the direction of Mr. Wong;
- (e) Mr. Wong disposed of the entire issued share capital of Chanceton Asset Management Limited (“Chanceton Asset Management”) to CA(IV)IHL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory at the direction of Mr. Wong; and

Notes to the Consolidated Financial Statements

31 March 2013

1. CORPORATE INFORMATION *(Continued)*

The Reorganisation involved the following: *(Continued)*

- (f) Mr. Wong disposed of the entire issued share capital of Chanceton Capital Markets Limited (“Chanceton Capital Markets”) to CA(III)HL in consideration of the allotment and issue of 25 shares of the Company credited as fully paid to Kate Glory at the direction of Mr. Wong.

The Group resulting from the Reorganisation is regarded as a continuing entity. Accordingly, these consolidated financial statements have been prepared using the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), assuming that the current structure of the Group had been in existence throughout the two years ended 31 March 2012 and 2011 or since the respective dates incorporation of the companies now comprising the Group.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in Note 19.

In the opinion of the directors, the ultimate holding company of the Company is Kate Glory, which is incorporated in BVI.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company. All values are rounded to the nearest thousand, unless otherwise stated.

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

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA which are effective for the Group’s financial period beginning 1 April 2012. A summary of the new HKFRSs are set out as below:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustments has been required.

Notes to the Consolidated Financial Statements

31 March 2013

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

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

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle ²
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities ³
HKFRS 1 (Amendments)	Government Loans ²
HKFRS 7 (Amendments)	Disclosure – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Dates of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKFRS 10, HKFRS 11 & HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ³
HKAS 36 (Amendments)	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²
HK(IFRIC) – Int 21	Levies ³

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

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

The *Annual Improvements to HKFRSs 2009-2011 Cycle* include a number of amendments to various HKFRSs. The amendments to HKFRSs include:

HKAS 1 (Amendments)

- HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

HKAS 16 (Amendments)

- The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise.

HKAS 32 (Amendments)

- The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 *Income Taxes*.

These amendments are effective from 1 January 2013, with earlier application permitted.

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods.

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

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

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of a financial liability’s credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) – Int 13 *Jointly Controlled Entities – Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

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

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011) for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided all of these standards are applied at the same time.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

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

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the ‘corridor approach’ permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions.

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realisation and settlement’.

The amendments to HKAS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

The amendments to HKAS 36 are to remove certain unintended disclosure requirements which may be introduced by the consequential amendments to HKAS 36 when HKFRS 13 was issued. Furthermore, these amendments require the disclosure of additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014. Earlier application is permitted. However, an entity may not apply those amendments in periods (including comparative periods) in which it does not also apply HKFRS 13.

The Group is in the process of assessing the potential impact of the above new HKFRSs upon initial application but is not yet in a position to state whether the above new HKFRSs will have a significant impact on the Group’s and the Company’s results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities that are measured at fair values, as explained in the accounting policies set out below.

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

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Changes in the Group’s ownership interests in existing subsidiaries

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

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of consolidation *(Continued)*

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interest in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(b) Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Business combination

Contingent consideration

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

(d) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Investments in associates *(Continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Goodwill is included in the carrying amount of the interest in an associate and is not separately recognised, it is not tested for impairment separately by applying the requirements for impairment testing in HKAS 36. Instead, the entire carrying amount of the interest in an associate is tested for impairment as set out in below.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Impairment of non-financial assets (other than goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

(f) Revenue recognition

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

(a) Income from provision of corporate finance advisory service:

Income from corporate finance advisory service is recognised when the underlying services have been provided or the underlying transactions have been completed, in accordance with the terms of the mandate (for example, upon reaching a specified stage of completion).

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Revenue recognition *(Continued)*

(b) Management service fee income:

Management service fee income is recognised when services are provided.

(c) Interest income:

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

(g) Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of an item of 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 plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income 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 or as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Furniture, fixtures and equipment : 20% – 40%

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Plant and equipment *(Continued)*

Residual values, useful lives and the depreciation method are reviewed and adjusted if appropriate, at least at each financial year end.

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss on disposal or retirement of an item of plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

(h) Leasing

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

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Foreign currencies

The financial statements are presented in Hong Kong Dollars. Each entity in the Group determines its own functional currency, and items included in financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- (a) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- (b) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- (c) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Foreign currencies *(Continued)*

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Hong Kong dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a partial disposal of an interest in a joint arrangement or an associate of which the retained interest becomes a financial interest that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence or joint arrangement control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Share option expenses

The Company operates a share option scheme for the purpose to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group.

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

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

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

(k) Taxation

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

Current tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Taxation *(Continued)*

Deferred tax

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

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

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

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

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

Current and deferred tax for the year

Current and deferred tax for the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Notes to the Consolidated Financial Statements

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments

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

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

Financial assets

Financial assets are classified into the following specified categories: financial assets “at fair value through profit or loss” (FVTPL), “held-to-maturity” investments, “available-for-sale” (AFS) financial assets and “loans and receivables”. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments *(Continued)*

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a related company and cash and bank balances) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

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

Objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments *(Continued)*

Impairment of financial assets (Continued)

For financial assets carried at amortised cost, the amount of the impairment loss is recognised as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments *(Continued)*

Financial liabilities and equity instruments

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

Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bond, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments *(Continued)*

Convertible bonds (Continued)

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities (including other payables) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis other than financial liabilities classified as at FVTPL.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(I) Financial instruments *(Continued)*

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(n) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which 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 Group's cash management.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits 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 statement of comprehensive income 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 Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

(p) Related party transactions

- (a) A person, or closed member of that person’s family, is related to the Group if that person:
- (i) has control or joint control over, the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

Notes to the Consolidated Financial Statements

31 March 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Related party transactions *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group which the other entity is a member);
- (iii) both entities 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 Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
or
- (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).

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(q) Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the consolidated statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

(a) *Impairment of loan and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The Group maintains an allowance for estimated impairment of trade receivables arising from the inability of its debtors to make the required payments. The Group makes its estimates based on the ageing of its trade receivable balances, debtors' creditworthiness, past repayment history and historical write-off experience. If the financial condition of its debtors was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance.

Critical accounting estimates and assumptions

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

Notes to the Consolidated Financial Statements

31 March 2013

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

Critical accounting estimates and assumptions *(Continued)*

(a) Useful lives and impairment of plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. The Group tests annually whether the assets have suffered any impairment. The recoverable amount of an asset or a cash generating unit is determined based on value in use calculations which require the use of assumptions and estimates.

(b) Income tax

Determining income tax provisions involve judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

Critical accounting estimates and assumptions *(Continued)*

(c) Fair value of contingent consideration payable arising from acquisition of an associate

Contingent consideration payable arising from the issue of the convertible bond in relation to the acquisition of 20% equity interest of Revenue Synthesis Limited (“Revenue Synthesis”) on 5 December 2012, is determined based on an estimation of the completion of the a clinical trial phase to evaluate the efficacy and safety with a designated quantity of acquired immune deficiency syndrome (“AIDS”) medication capsule for patients (“Phase IIb”). Judgement is required to determine key assumptions adopted in the estimation of completion of Phase IIb. Should there be significant changes in these assumptions or prevailing market condition, the contingent consideration payable shall be re-measured at fair value resulting from events or factors emerge after the acquisition date, with any resulting gain or loss recognised in profit or loss in accordance with HKFRS 3 (Revised) *Business Combinations*.

(d) Impairment for interest in an associate

The Group completed its impairment test for interest in an associate by comparing the recoverable amount of interest in an associate to its carrying amount as at 31 March 2013. The Group has engaged an independent valuer to carry out a valuation of the interest in an associate as at 31 March 2013 based on the value in use calculations.

Management has considered the assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interest in an associate and other key assumptions, which are based on the directors’ best estimates. There was no impairment recognised during the year.

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The Group

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Financial assets		
Loan and receivables (including cash and bank balances)		
– Trade receivables	786	2,493
– Other receivables	306	306
– Amount due from a related company	62	20
– Cash and cash equivalents	96,810	42,484
	97,964	45,303
Financial liabilities		
Amortised costs		
– Other payables and accruals	731	447
– Convertible bond	61,605	–
	62,336	–
At fair value		
– Contingent consideration payable	68,745	–

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(a) Categories of financial instruments (Continued)

The Company

	2013 HK\$'000	2012 HK\$'000
Financial assets		
Amount due from a subsidiary	240,929	–
Cash and cash equivalents	93,695	34,734
	334,624	34,734
Financial liabilities		
Amortised costs		
– Other payables and accruals	569	320
– Amounts due to subsidiaries	6,974	4,696
– Convertible bond	61,605	–
	69,148	5,016
At fair value		
– Contingent consideration payable	68,745	–

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise trade and other receivables, amount due from a related company, cash and cash equivalents, other payables and accruals, contingent consideration payable and convertible bond. The main purpose of these financial instruments is to finance the Group's operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(b) Financial risk management objectives and policies *(Continued)*

Credit risk

The Group primarily provides services to recognised and creditworthy third parties. It is the Group's policy that advanced payments are generally required for new clients. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group primarily provides services to recognised and creditworthy third parties, there is normally no requirement for collateral.

The credit risk of the Group's financial assets, which comprise trade receivables, cash and cash equivalents, financial assets included in deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments.

At the end of each reporting period there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, amount due from a related company and financial assets included in deposits and other receivables are disclosed in Notes 20, 22 and 21, respectively.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internal funding to meet its working capital requirements.

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial liabilities and financial assets (for example, trade receivables) and projected cash flows from operations.

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The maturity profile of the financial liabilities as at the end of the respective reporting periods, based on the contractual undiscounted payments, is as follows:

The Group

31 March 2013

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Financial liabilities included in other payables and accruals	-	731	-	-	731	731
Convertible bond	7.80	-	87,500	-	87,500	61,605
		731	87,500	-	88,231	62,336

31 March 2012

	Repayable on demand HK\$'000	Less than one month HK\$'000	Total HK\$'000
Financial liabilities included in other payables and accruals	-	447	447

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The Company

31 March 2013

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK\$'000	2 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
Financial liabilities included in other payables and accruals	-	569	-	-	569	569
Convertible bond	7.80	-	87,500	-	87,500	61,605
Amount due to subsidiaries	-	6,974	-	-	6,974	6,974
		7,543	87,500	-	95,043	69,148

31 March 2012

	Repayable on demand HK\$'000	Less than one month HK\$'000	Total HK\$'000
Financial liabilities included in other payables and accruals	-	320	320
Amounts due to subsidiaries	4,696	-	4,696
	4,696	320	5,016

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(c) Fair value estimation

The fair values of financial assets and financial liabilities are determined as follows:

- (i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively; and
- (ii) the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- (iii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

31 March 2013

	Carrying amount HK\$'000	Fair value HK\$'000
Financial liabilities		
Convertible bond	61,605	61,724

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(c) Fair value estimation (Continued)

The Group's financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2013

	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial liabilities measured at fair value				
Contingent consideration payable	–	–	68,745	68,745

No analysis is disclosed since the Group has no financial instruments that are measured at fair value subsequent to initial recognition at 31 March 2012.

Note:

The contingent consideration payable arising from the acquisition of an associate is measured using a discounted cash flow model of the liability component of the convertible bond. The discount rate of 7.78% was used. If this input to the valuation model was 10% higher/lower while all variables were held constant, the carrying amount of the contingent consideration payable would decrease/increase by approximately HK\$2,500,000.

Notes to the Consolidated Financial Statements

31 March 2013

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(Continued)

(c) Fair value estimation (Continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

31 March 2013

	Contingent consideration payable HK\$'000
Arising from the acquisition of an associate	68,698
Fair value loss recognised in profit or loss	<u>47</u>
At 31 March 2013	<u>68,745</u>

No reconciliation of Level 3 fair value measurements of financial liabilities at 31 March 2012.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts which include total liabilities and total equity, mainly comprising issued capital, reserves and retained profits.

The 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

A subsidiary of the Group is regulated by the Hong Kong Securities and Futures Commission (the "SFC") and is required to comply with certain minimum capital requirements according to the rules of the SFC. The Group has an experienced compliance officer and is monitored by management. The principal roles of the compliance officer are to monitor the daily financial status and to review internal control of the Group regularly to ensure the Company's regulated subsidiary is in compliance with related regulations. No changes were made in the objectives, policies or processes for managing capital during the year.

Notes to the Consolidated Financial Statements

31 March 2013

6. CAPITAL RISK MANAGEMENT (Continued)

The Group monitors capital using a gearing ratio, which is total debts divided by total equity. The increase in gearing ratio was due to the increase in the contingent consideration payable and convertible bond. The gearing ratios at the end of each reporting period were as follows:

	2013 HK\$'000	2012 HK\$'000
Total debts [#]	130,350	–
Total equity	194,075	42,684
Gearing ratio	67.16%	N/A

[#] Total debts comprise contingent consideration payable and convertible bond.

7. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on corporate finance advisory business. During the years ended 31 March 2013 and 2012, the Group only focuses on corporate finance advisory business and all the assets and major revenue are located and derived in Hong Kong. Accordingly, no segment analysis is presented.

Information about major clients

Revenue from major clients, each of them amounted to 10% or more of the Group's revenue, are set out below:

	Year ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Customer A	3,020	4,860
Customer B	–	2,170
Customer C	–	1,800
Customer D	–	1,430
Customer E	1,000	–

Notes to the Consolidated Financial Statements

31 March 2013

8. REVENUE AND OTHER REVENUE

Revenue represents fees income received from corporate finance advisory services rendered during the year.

Other revenue received during the year is as follows:

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Management fee income	41	160
Bank interest income	1	–
Sundry income	70	30
	<u>112</u>	<u>190</u>

9. FINANCE COSTS

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Imputed interest on convertible bond	<u>1,494</u>	<u>–</u>

10. (LOSS)/PROFIT BEFORE TAX

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

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Depreciation	94	119
Auditors' remuneration	320	320
Minimum lease payments under operating leases:		
– property rental	658	662
Employee benefit expenses (including directors' remuneration (<i>Note 11</i>))		
– Wages, salaries, allowances and bonus	3,811	3,306
– Pension scheme contributions	<u>143</u>	<u>102</u>
	<u>3,954</u>	<u>3,408</u>

Notes to the Consolidated Financial Statements

31 March 2013

11. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	Year ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Fee	585	380
Other emoluments:		
Salaries, allowances, bonuses and benefits in kind payment expense	1,695	1,682
Pension scheme contributions (defined contribution scheme)	77	53
	2,357	2,115

The remuneration of each of the directors of the Company for the year is set out below:

Name of directors	Fee		Salaries, allowance bonuses, and benefit in kind		Pension scheme contributions		Total remuneration	
	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive directors								
Mr. Wong (Chief executive Officer) (appointed on 20 April 2011)	-	-	780	780	14	12	794	792
Mr. Leung Man Kit (appointed on 21 September 2011)	-	-	480	158	13	6	493	164
Dr. Cheung Victor Chor Keung (appointed on 21 September 2011)	-	-	300	480	14	12	314	492
Mr. Wong Hon Kit (appointed on 21 September 2011 and resigned on 1 December 2011)	-	-	-	264	-	8	-	272
Mr. Lau Ling Tak (<i>Note a</i>)	-	-	135	-	7	-	142	-
	-	-	1,695	1,682	48	38	1,743	1,720
Non-executive directors								
Ms. Man Wing Yee Ginny (appointed on 21 February 2012)	-	-	-	-	-	-	-	-
Independent-non-executive directors								
Mr. Chiu Chi Kong (appointed on 21 September 2011)	180	95	-	-	9	4	189	99
Mr. William Robert Majcher (appointed on 21 September 2011)	180	95	-	-	9	4	189	99
Mr. Yau Yan Ming Raymond (appointed on 21 September 2011)	180	95	-	-	9	4	189	99
Mr. Lau Ling Tak (<i>Note a</i>)	45	95	-	-	2	3	47	98
	585	380	-	-	29	15	614	395

Notes to the Consolidated Financial Statements

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11. DIRECTORS' REMUNERATION (Continued)

Note:

- a) Mr. Lau Ling Tak was employed as independent-non-executive director on 21 September 2011 and re-designated to executive director on 21 June 2012.

No remuneration was paid or payable by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2012: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2012:Nil).

12. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid employees for the year ended 31 March 2013, included three directors (2012: three), details of whose remuneration are set out in Note 11 above. Details of the emoluments of the remaining two highest paid employees (2012: two) are as follows:

	Year ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Salaries, allowances and bonuses	698	660
Pension scheme contributions (defined contribution scheme)	27	23
	<u>725</u>	<u>683</u>

The emoluments of the remaining highest paid employees whose are the senior management and their remuneration fell within the following bands:

	Number of employees Year ended 31 March	
	2013	2012
Nil to HK\$1,000,000	<u>2</u>	<u>2</u>

No remuneration was paid or payable by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2012: Nil).

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13. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2012: 16.5%) of the estimated assessable profit arising in Hong Kong during the year.

	Year ended 31 March	
	2013 HK\$'000	2012 HK\$'000
Current tax	66	1,435
Deferred tax	(254)	–
	(188)	1,435

The tax (credit)/charge for the year can be reconciled to the (loss)/profit before tax as follows:

	Year ended 31 March			
	2013 HK\$'000	%	2012 HK\$'000	%
(Loss)/profit before tax	(9,356)		3,518	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	(1,544)	(16.5)	580	16.5
Tax effect of expenses not deductible for tax purposes	1,066	11.4	673	19.1
Tax effect of taxable temporary difference not recognised	12	0.1	12	0.3
Tax effect of tax losses not recognised	278	3.0	153	4.3
Under provision in prior year	–	–	17	0.5
Tax (credit)/charge for the year	(188)	(2.0)	1,435	40.7

Notes to the Consolidated Financial Statements

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14. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss (2012: profit) attributable to owners of the Company for the year ended 31 March 2013 includes a loss of approximately HK\$2,974,000 (for the year ended 31 March 2012: approximately HK\$4,772,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The dividends distributed by a subsidiary of the Group during the year were as follows:

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Interim dividend paid	-	6,000

The dividend rates are not presented as such information is considered not meaningful for the purpose of this report.

The directors do not recommend any payment of a final dividend for the year ended 31 March 2013 (2012: Nil).

16. (LOSS)/EARNINGS PER SHARE

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

(Loss)/earnings

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
(Loss)/profit attributable to the owners of the Company for the purpose of basic and diluted (loss)/earnings per share	(9,168)	2,083

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16. (LOSS)/EARNINGS PER SHARE *(Continued)*

Number of shares

	Year ended 31 March	
	2013 '000	2012 '000
		(restated)
Adjusted weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	<u>2,174,575</u>	<u>2,101,393</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share for the years ended 31 March 2013 and 2012 have been adjusted for the effect of the completion of bonus issue on the basis of three bonus shares for every one existing share on 8 May 2013. The bonus issue has been reflected retrospectively by restating the opening number of ordinary shares at 1 April 2011.

During the year ended 31 March 2013, the Company's outstanding convertible bond was not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond was anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

There was no dilutive potential ordinary shares in existence during the year ended 31 March 2012 and therefore the diluted earnings per share are the same as the basic earnings per share.

Notes to the Consolidated Financial Statements

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17. PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and equipment <i>HK\$'000</i>
Cost	
At 1 April 2011	352
Additions	<u>43</u>
At 31 March 2012 and 1 April 2012	395
Additions	<u>9</u>
At 31 March 2013	<u>404</u>
Accumulated depreciation	
At 1 April 2011	98
Charge for the year	<u>119</u>
At 31 March 2012 and 1 April 2012	217
Charge for the year	<u>94</u>
At 31 March 2013	<u>311</u>
Net book value	
At 31 March 2013	<u>93</u>
At 31 March 2012	<u>178</u>

Notes to the Consolidated Financial Statements

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18. INTEREST IN AN ASSOCIATE

The Group

On 24 August 2012, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with independent third parties to acquire 20% equity interest in Revenue Synthesis. The acquisition was completed on 5 December 2012.

	2013 HK\$'000
Share of fair value of net asset in an associate	195,149
Goodwill	45,781
Total consideration (<i>Note B</i>)	240,930
Share of results	(5,444)
Share of change in other comprehensive income	(3)
	235,483

(A) *Details of the Group's associate which is held indirectly by the Company at 31 March 2013 are as follows:*

Name of associate	Form of entity	Place of incorporation	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held	Proportion of voting power held	Principal activities
Revenue Synthesis	Limited company	BVI	Hong Kong and the People's Republic of China	Ordinary	20%	20%	Research and development of the AIDS medication capsule

(B) *Total consideration satisfied by:*

	Fair value HK\$'000
Consideration shares (<i>Note a</i>)	53,750
First tranche of convertible bond (<i>Note b</i>)	87,486
Contingent consideration payable (<i>Note c</i>)	99,694
	240,930

Notes to the Consolidated Financial Statements

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18. INTEREST IN AN ASSOCIATE *(Continued)*

The Group *(Continued)*

(B) Total consideration satisfied by: *(Continued)*

Note:

- a) The Company issued 25,000,000 consideration shares of HK\$0.01 each at a price of HK\$2.15 per share on 5 December 2012.
- b) On 23 September 2012, the date of the completion of the phase which can illustrate the AIDS medication capsule has significant effect on suppressing the viral replication of Human immunodeficiency virus ("HIV")/AIDS virus and is effective and safe for HIV/AIDS therapy ("Phase IIa"). The Company satisfied the results of Phase IIa on 5 December 2012. On that date, first tranche of convertible bond with principal amount of HK\$87,500,000 with five year maturity at zero coupon ("First Convertible Bond") was issued as part of the consideration and was classified into liability component of approximately HK\$60,111,000 and equity component of approximately HK\$27,375,000 (Note 26).
- c) Contingent consideration payable represents the tranche of convertible bond with principal amount of HK\$100,000,000 with five year maturity at zero coupon, which will be issued upon a completion of Phase IIb. At the date of acquisition, the fair value of the convertible bond was as part of the consideration and was classified into liability component as contingent consideration payable of approximately HK\$68,698,000 under current liabilities and equity component of approximately HK\$30,996,000 (Note 25).

(C) The summarised financial information in respect of the Group's interest in an associate is set out below:

	For the period from 5 December 2012 (date of acquisition) to 31 March 2013 HK\$'000
Revenue	—
Loss for the period	(27,222)
Group's share of loss of an associate	(5,444)
Group's share of change in other comprehensive loss of an associate	(3)
	As at 31 March 2013 HK\$'000
Total assets	1,276,167
Total liabilities	(327,658)
Net assets	948,509
Group's share of net assets of an associate	189,702

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31 March 2013

19. INTERESTS IN SUBSIDIARIES

The Company

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Unlisted shares, at cost	21	20
Amount due from a subsidiary	<u>240,929</u>	–
	<u>240,950</u>	20
Amounts due to subsidiaries	<u>6,974</u>	4,696

The amount due from a subsidiary was arising from the acquisition of an associate during the year. The amount is unsecured, interest-free and not recoverable within one year from the end of the reporting period and the amounts are therefore shown as non-current assets.

The amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

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19. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the subsidiaries of the Company as at 31 March 2013 were as follows:

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity and voting rights attributable to the Company		Principal activities
			Direct	Indirect	
Chanceton Alliance	BVI	US\$2,500	100	-	Investment holdings
CA(II)IHL	BVI	US\$1	100	-	Investment holdings
CA(III)IHL	BVI	US\$1	100	-	Investment holdings
CA(IV)IHL	BVI	US\$1	100	-	Investment holdings
Chanceton Capital Partners Limited	Hong Kong	HK\$1,500,000	-	100	Provision of corporate finance advisory services
Chanceton Consulting	Hong Kong	HK\$1	-	100	General business consulting
Chanceton Asset Management	Hong Kong	HK\$500,000	-	100	Dormant
Chanceton Capital Markets	Hong Kong	HK\$10,000	-	100	Dormant
Chanceton Immigration Consultants Limited	Hong Kong	HK\$10,000	-	100	Dormant
Mysteriously Time Investment Limited	BVI	US\$100	100	-	Investment holdings
Sunton Global Investments Limited	BVI	US\$1	100	-	Investment holdings

Notes to the Consolidated Financial Statements

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20. TRADE RECEIVABLES

The Group

The Group's trade receivables arose from corporate finance advisory services rendered during the years ended 31 March 2013 and 2012.

The Group's trading term with its clients is, in general, due upon the issuance of invoices. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables arising from the provision of corporate advisory are non-interest-bearing.

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade receivables	1,416	2,493
Less: impairment loss recognised	(630)	-
	786	2,493

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date, net of impairment loss, is as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current to 30 days	328	173
31 – 60 days	70	-
61 – 90 days	213	-
Over 91 days	175	2,320
	786	2,493

Trade receivables disclosed above are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Notes to the Consolidated Financial Statements

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20. TRADE RECEIVABLES (Continued)

Movements of impairment loss on trade receivables:

	2013 HK\$'000	2012 HK\$'000
At the beginning of the year	-	-
Impairment loss recognised	630	-
At the end of the year	630	-

As at 31 March 2013, the Group's trade receivables of approximately HK\$630,000 (2012: Nil) were individually determined to be impaired. The individual impaired receivables related to customers that were in financial difficulties and directors assessed that the receivables were not expected to be recovered. The impairment loss has been included in the administrative expenses in the consolidated statement of comprehensive income. The Group does not hold any collateral of these balances.

An aged analysis of the impaired trade receivables as at the end of the reporting period is as follows:

	2013 HK\$'000	2012 HK\$'000
Over 365 days	630	-

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	2013 HK\$'000	2012 HK\$'000
Prepayments	94	46
Deposits and other receivables	305	306
	399	352

The amounts were recoverable on demand.

None of the above prepayments, deposits and other receivables is either past due or impaired.

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22. AMOUNT DUE FROM A RELATED COMPANY

The Group

The amount due from a related company, Chanceton Corporate Services Limited (“Chanceton Corporate”) (2012: Chanceton Corporate) is unsecured, interest free and recoverable on demand. The amount due mainly represents management fee income receivable from the related company. The highest outstanding balances during the year ended 31 March 2013 are approximately HK\$62,000 (2012: HK\$20,000).

The director of the Company, Mr. Wong, is the also director of Chanceton Corporate.

23. CASH AND CASH EQUIVALENTS

The Group

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Cash at banks and on hand	<u>96,810</u>	42,484

The bank balances are deposited with creditworthy banks with no recent history of default.

24. OTHER PAYABLES AND ACCRUALS

The Group

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Receipts in advance	–	2,620
Other payables and accruals	<u>731</u>	447
	<u>731</u>	3,067

Other payables are non-interest-bearing and are repayable with one month for both years.

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25. CONTINGENT CONSIDERATION PAYABLE

The Group and the Company

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
At fair value	<u>68,745</u>	–

Pursuant to the sale and purchase agreement entered into between the Group and the vendor for the acquisition of 20% equity interest in Revenue Synthesis as detailed in Note 18 to the consolidated financial statements, the Group is liable to settle the contingent consideration by the issue of the convertible bond with principal amount of HK\$100,000,000 to the vendor subject to completion of Phase IIb. The directors considered that the completion of Phase IIb may be within one year.

As at 5 December 2012, the date of the acquisition of 20% equity interest in Revenue Synthesis, the Group recognised the liability component of convertible bond of approximately HK\$68,698,000 in the consolidated statement of financial position. As at 31 March 2013, the fair value of the liability component of convertible bond was amounted to approximately HK\$68,745,000. The fair value loss of approximately HK\$47,000 was recognised in the consolidated statement of comprehensive income during the year ended 31 March 2013.

The fair values of the convertible bond as at 5 December 2012 and 31 March 2013 were determined with reference to the valuations as at those dates performed by an independent valuers. The valuations was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the Company and maturity term.

The convertible bond contains two components: liability and equity components. The equity component is presented in equity heading “other reserve”. The effective interest rate of the liability component is 7.78% and 7.80% per annum on 31 March 2013 and 5 December 2012 respectively.

The convertible bond has been spilt as to the liability and equity components as follows:

	<i>HK\$'000</i>
Fair value of convertible bond	99,694
Liability component	<u>(68,698)</u>
Equity component	<u>30,996</u>

Notes to the Consolidated Financial Statements

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25. CONTINGENT CONSIDERATION PAYABLE (Continued)

The movement of the liability component of the convertible bond for the year ended 31 March 2013 was as follows:

	<i>HK\$'000</i>
At date of acquisition of an associate	68,698
Fair value loss recognised for the year	<u>47</u>
As at 31 March 2013	<u>68,745</u>

26. CONVERTIBLE BOND

The Group and the Company

On 5 December 2012, the Company issued First Convertible Bond due on 4 December 2017 with a principal amount of HK\$87,500,000 at zero coupons in relation to the acquisition of 20% equity interest in Revenue Synthesis. The First Convertible Bond entitles the holder to convert to ordinary shares with par value of HK\$0.01 each of the Company at conversion price of HK\$2.5, subject to adjustment provisions. On 8 May 2013, the Company issued 1,665,000,000 bonus shares and the conversion price was adjusted to HK\$0.625 according to the terms of First Convertible Bond.

The First Convertible Bond contains two components: liability and equity components. The equity component is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 7.80% per annum.

The First Convertible Bond has been split as to the liability and equity components as follows:

	<i>HK\$'000</i>
Fair value of First Convertible Bond	87,486
Liability component	<u>(60,111)</u>
Equity component	<u>27,375</u>

Notes to the Consolidated Financial Statements

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26. CONVERTIBLE BOND (Continued)

The Group and the Company (Continued)

The movement of the liability component of the First Convertible Bond for the year ended 31 March 2013 was as follows:

	HK\$'000
At date of issue	60,111
Interests charged for the year (Note 9)	1,494
As at 31 March 2013	61,605

27. DEFERRED TAX LIABILITIES

The followings are the major deferred tax balances recognised and movements thereon during the year ended 31 March 2013:

The Group and Company

	First Convertible Bond HK\$'000	Contingent consideration payable HK\$'000	Total HK\$'000
At 1 April 2011, 31 March 2011 and 1 April 2012	–	–	–
Recognised equity for the year	4,519	5,165	9,684
Credit to consolidated statement of comprehensive income	(246)	(8)	(254)
At 31 March 2013	4,273	5,157	9,430

At 31 March 2013, the Group and the Company has unused tax losses of approximately HK\$2,616,000 (2012: approximately HK\$929,000) available to offset against future profits. No deferred tax asset had recognised (2012: Nil) due to the unpredictability of future profit streams.

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28. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Notes	Number of ordinary shares of HK\$0.01 each	Nominal value of ordinary shares HK\$
Authorised:			
Upon incorporation on 20 April 2011, 31 March 2012, 1 April 2012 and 31 March 2013			
	(a)	20,000,000,000,000	200,000,000,000
Issued and fully paid:			
Upon incorporation on 20 April 2011	(a)	1	0.01
Issue of shares upon Reorganisation	(b)	99	0.99
Capitalisation issue	(c)	379,999,900	3,799,999
Issue of new shares upon listing	(d)	120,000,000	1,200,000
At 31 March 2012 and 1 April 2012		500,000,000	5,000,000
Issue of consideration shares	(e)	25,000,000	250,000
Issue of shares	(f)	30,000,000	300,000
At 31 March 2013		555,000,000	5,550,000

Notes:

- (a) Upon incorporation of the Company on 20 April 2011, the authorised share capital was HK\$200,000,000,000 divided into 20,000,000,000,000 ordinary shares of HK\$0.01 each, of which one fully-paid share of HK\$0.01 was allotted and issued to the subscriber to the memorandum of association the Company, and was transferred to Kate Glory on the same date at par value.
- (b) On 21 September 2011, the Company, the Company's subsidiaries and Mr. Wong entered into four share swap agreements as follows:
- (i) pursuant to a share swap agreement entered into between the Company, Chanceton Alliance and Mr. Wong, the Company acquired the entire issued share capital of Chanceton Alliance from Mr. Wong in consideration of the Company allotting and issuing 24 shares of the Company credited as fully paid up to Kate Glory at the direction of Mr. Wong;
 - (ii) pursuant to a share swap agreement entered into between the Company, CA(II)IHL and Mr. Wong, CA(II)IHL acquired the entire issued share capital of Chanceton Consulting from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory credited as fully paid at the direction of Mr. Wong;
 - (iii) pursuant to a share swap agreement entered into between the Company, CA(III)IHL and Mr. Wong, CA(III)IHL acquired the entire issued share capital of Chanceton Capital Markets from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory credited as fully paid at the direction of Mr. Wong; and
 - (iv) pursuant to a share swap agreement entered into between the Company, CA(IV)IHL and Mr. Wong, CA(IV)IHL acquired the entire issued share capital of Chanceton Asset Management from Mr. Wong in consideration of the Company allotting and issuing 25 shares of the Company to Kate Glory credited as fully paid at the direction of Mr. Wong.

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28. SHARE CAPITAL (Continued)

Notes: (Continued)

Immediately following the above share swaps, allotment and issue, the Company's subsidiaries, which were all directly or indirectly wholly-owned by the Group, comprise Chanceton Alliance, CA(II)IHL, CA(III)IHL, CA(IV)IHL, Chanceton Capital Partners Limited, Chanceton Consulting, Chanceton Asset Management and Chanceton Capital Markets.

- (c) On 11 October 2011, 379,999,900 ordinary shares of the Company were allotted and issued, credited as fully paid at par value of HK\$0.01 to Kate Glory, by way of capitalisation of HK\$3,799,999 from the share premium account. Such allotment and capitalization were conditional on the share premium account being credited as a result of the new shares issued upon listing of the Company's shares on the Stock Exchange.
- (d) On 11 October 2011, 120,000,000 ordinary shares (at par value of HK\$0.01 each) of the Company were allotted and issued at the price of HK\$0.3 per share upon listing of the Company's shares on the Stock Exchange ("the Placing"). Details of the use of proceeds were set out in the section headed "Use of Proceeds Generated from Listing on GEM".
- (e) On 5 December 2012, 25,000,000 consideration shares of HK\$0.01 were issued at a price of HK\$2.15 per share in relation to the acquisition of 20% equity interest in Revenue Synthesis (Note 18). A share premium of approximately HK\$53,500,000 had credited to share premium account.
- (f) On 13 March 2013, 30,000,000 shares of HK\$0.01 were issued at a price of HK\$2.00 per share. A share premium of approximately HK\$59,700,000 had credited to share premium account. The gross proceeds of approximately HK\$60,000,000 are intended to be used for as general working capital of the Company.

29. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the consolidated statement of changes in equity on page 43 of the consolidated financial statements.

The Company

	Share premium HK\$'000	Other reserve HK\$'000	Convertible bond reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 20 April 2011 (date of incorporation)	-	-	-	-	-
Loss and total comprehensive loss for the year	-	-	-	(4,722)	(4,722)
Effect of Reorganisation	-	20	-	-	20
Effect of capitalisation issue (Note 28(c))	(3,799)	-	-	-	(3,799)
Issue of new shares upon listing	34,800	-	-	-	34,800
Transaction costs attributable to issue of new shares	(1,545)	-	-	-	(1,545)

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29. RESERVES (Continued)

The Company (Continued)

	Share premium HK\$'000	Other reserve HK\$'000	Convertible bond reserve HK\$'000	Accumulated losses HK\$'000	Total equity HK\$'000
At 31 March 2012 and 1 April 2012	29,456	20	–	(4,722)	24,754
Loss and total comprehensive loss for the year	–	–	–	(2,974)	(2,974)
Equity component of First Convertible Bond	–	–	27,375	–	27,375
Equity component of contingent consideration payable	–	30,996	–	–	30,996
Deferred tax arising on issue of First Convertible Bond and contingent consideration payable	–	(5,165)	(4,519)	–	(9,684)
Issue of consideration shares	53,500	–	–	–	53,500
Issue of ordinary shares	59,700	–	–	–	59,700
Transaction costs attributable to issue of ordinary shares	(1,875)	–	–	–	(1,875)
At 31 March 2013	140,781	25,851	22,856	(7,696)	181,792

30. SHARE OPTION SCHEME

The Company conditionally operates a share option scheme (“Share Option Scheme”) for the purpose of attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group. The Share Option Scheme was adopted on 21 September 2011 and, unless otherwise terminated by ordinary resolution in general meeting or the board of directors, will remain in full force for ten years from that date.

The eligible persons of the Share Option Scheme include directors, employee, consultants or advisers, provider of goods or services, customers, holder of securities issued by the member of the Group and any other person has contributed to the Group (the “Eligible Persons”).

The subscription price of the share options shall be a price determined by the board of directors and shall be at least the highest of (i) the closing price per share as stated in the Stock Exchange’s daily quotation sheet on the offer date; (ii) the average of the closing prices per share as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the offer date; or (iii) the nominal value of the share.

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30. SHARE OPTION SCHEME (Continued)

The Eligible Person shall accept the offer or be deemed to have declined it at the date not later than ten business days after the offer date, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme. The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the board of directors.

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme. The total number of shares issued and to be issued upon exercise of the options granted to each Eligible Person (including both exercised and outstanding options under the Share Option Scheme) in any twelve-month period must not exceed 1% of the issued share capital of the Company. Any grant of share options in excess of the above limit is subject to the approval from the shareholders in general meeting.

Since the adoption of the Share Option Scheme, the Company has not granted any share option.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Group leases its office premises under operating lease arrangements with leases negotiated for terms of three years.

At the end of each reporting period, the Group had total future minimum lease payments under a non-cancellable operating lease falling due as follows:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Within one year	54	642
In the second to fifth year, inclusive	–	54
	54	696

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32. MATERIAL RELATED PARTIES TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, during the year the Group had the following transactions with related parties.

Remuneration for key personnel management, including emoluments paid to the Company's directors and certain highest paid employees of the Group, as disclosed in Notes 11 and 12 to the consolidated financial statements, are as follows:

Key management personnel

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Short term employees benefits	2,979	1,816
Post-employment benefits	105	43
Total compensation paid to key management personnel	3,084	1,859

For the years ended 31 March 2013 and 2012, the Group had the following transactions with related parties:

Name of related parties	Relationship	Nature of transactions	2013	2012
			HK\$'000	HK\$'000
Chanceton Corporate	Common director and shareholder	Management fee income		
		- received	-	21
		- receivable	41	20

Notes to the Consolidated Financial Statements

31 March 2013

32. MATERIAL RELATED PARTIES TRANSACTIONS *(Continued)*

Transaction with party within the Group is as follows

Name of subsidiary	Nature of transactions	2013	2012
		HK\$'000	HK\$'000
Chanceton Capital Partners Limited	Management fee income received <i>(Note)</i>	<u>2,709</u>	<u>1,791</u>

Note:

The management fee income was charged by the Company based on the agreed terms and conditions for the management service provided. Intercompany transaction was eliminated on consolidation.

33. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2013, the Company issued 25,000,000 consideration shares and First Convertible Bond as part of the consideration in relation to the acquisition of 20% equity interest in Revenue Synthesis.

34. EVENTS AFTER THE REPORTING PERIOD

- (i) On 8 May 2013, the Company issued 1,665,000,000 bonus shares under the basis of three bonus issue for every one existing share held by qualifying shareholders whose names appear on the register of members of the Company on the record date. For details, please refer to the Company's announcement dated 8 May 2013.
- (ii) On 13 June 2013, the Group completed to acquisition additional 5% equity interest in Revenue Synthesis at a cash consideration of HK\$48,000,000. For details, please refer to the Company's announcement dated 5 December 2012.

35. COMPARATIVES

Certain comparative figures have been adjusted to conform with the current year's presentation.

36. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2013.

Financial Summary

For the year ended 31 March

	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Results				
Revenue	8,526	13,566	16,452	11,398
(Loss)/profit for the year attributable to owners of the Company	(9,168)	2,083	11,313	7,904
Dividends	–	6,000	1,900	5,600

As at 31 March

	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Assets and liabilities				
Total assets	334,586	45,751	16,765	3,627
Total liabilities	(140,511)	(3,067)	(4,619)	(1,423)
Total equity	194,075	42,684	12,146	2,204

Note:

The summary above does not form part of the audited consolidated financial statements.

No financial statements of the Group for the years end 31 March 2009 have been published.

The financial information for the years ended 31 March 2011 and 2010 were extracted from the listing prospectus of the Group dated 28 September 2011. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in Note 3 to the consolidated financial statements.