Annual Report

2014

Chinese Energy Holdings Limited

(Incorporated in Hong Kong with limited liability)

Stock Code : 8009

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

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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.

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This report, for which the directors (the "**Directors**") of Chinese Energy Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Yanmin *(Chairman)*
Mr. Zha Jian Ping *(Chief Executive Officer)*
Mr. Yau Yan Ming Raymond
Mr. Ji Peng

Non-executive Director

Ms. Qi Yue

Independent Non-executive Directors

Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Yue Laiqun

COMPANY SECRETARY

Mr. Yau Yan Ming Raymond

COMPLIANCE OFFICER

Mr. Yau Yan Ming Raymond

AUTHORISED REPRESENTATIVES

Mr. Yau Yan Ming Raymond
Mr. Zha Jian Ping

AUDIT COMMITTEE

Mr. Lam Tze Chung *(Chairman)*
Mr. Wu Ka Ho Stanley
Mr. Yue Laiqun

NOMINATION COMMITTEE

Mr. Yue Laiqun *(Chairman)*
Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Zha Jian Ping

REMUNERATION COMMITTEE

Mr. Wu Ka Ho Stanley *(Chairman)*
Mr. Lam Tze Chung
Mr. Yue Laiqun
Mr. Yau Yan Ming Raymond

REGISTERED OFFICE, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2207, 22/F., West Tower,
Shun Tak Centre,
168-200 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

INDEPENDENT AUDITOR

HLM CPA Limited
Certified Public Accountants

PRINCIPAL BANKERS

The Hong Kong and Shanghai Banking Corporation Ltd.
Chiyu Banking Corporation Ltd.

STOCK CODE

08009

WEBSITE

http://www.chinese-energy.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present the annual report of Chinese Energy Holdings Limited ("**Chinese Energy**" or the "**Company**") and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2014.

FINAL RESULTS

During the year, turnover of the Group for the year ended 31 March 2014 was approximately HK$6,026,000 (2013: approximately HK$162,011,000), representing a decrease of 96.3% as compared with last year and the consolidated gross loss of the Group for the year ended 31 March 2014 was approximately HK$12,001,000 (2013: gross profit of approximately HK$129,298,000), representing a decrease of 109.3% as compared with last year. This changes is due to the fact that the Group was not able to receive any management fee income from the Management Agreement. The loss attributable to owners was decreased by 58.9% from approximately HK$143,440,000 for the year ended 31 March 2013 to approximately HK$58,925,000 for the year ended 31 March 2014. The decrease in loss is mainly due to the decrease in impairment loss on the intangible asset for the current year. No final dividend was recommended for the year (2013: Nil).

PROSPECT

Although the Management Agreement is believed to have a high growth potential with superb profitability, yet this is a volatile business and can be affected by the market trend and policy. During the year under review, the segment of provision of management services was not able to report any income for the Group. The lost of management fee income is causing an instability cash flow stream for the Group. After due care review of the current situation and the track records, supported by the view of the independent qualified professional valuer, the Group and Careall Capital has entered into an Amendment Agreement for a fix income stream for the Group which subject to shareholders' approval. The Board of Directors believe that such arrangement will bring a benefit to the Group by providing the Group with a more stabilised cash flows which will maintain the Group in sound financial position.

The acquisition of 51% of the entire issued capital of Careall International Energy Holding Company Limited and the entering into participation agreements with Intrepid Drilling, LLC signified the Group's effort to diversify away from reliance on a single industry which is the provision of management services. However, the projects in related to natural resources industry were not easy to achieve. The management are committed to devote their energy to accomplish the current projects. Meanwhile, the management will continue to search for projects which will benefit the Group.

During the year, the Group has engaged in technical advisory and marketing consultation services. This segment is at its beginning stage and the Board will devote more energy towards such area as it may see fit. Optimistically not only will diversify the Group's business but also bring more income which increase the Company value to benefit the Company and its shareholders as a whole.

I would like to take this opportunity to extend sincere gratitude to our shareholders, board members, senior management and staff for their efforts and dedication during the year. On behalf of the Board, I would also like to express appreciation to all customers, stakeholders and business partners for their constant support and trust. As a navigator of the Group, I am determined to continue to steer the Company into new business fields. We aim to pool our efforts to open a new chapter in the future.

Shi Yanmin
Chairman
23 June 2014

BUSINESS REVIEW

Provision of management services

The turnover for the Group during the year ended 31 March 2014 did not come from the management fee under the management agreement between Shenzhen Huaya Energy Company Limited* ("**Shenzhen Huaya**") and Shenzhen Careall Capital Investment Co., Ltd.* ("**Careall Capital**") ("**Management Agreement**"). During fourth relevant period of the Management Agreement, Careall Capital was not able to generate any profit. None of the investments in portfolio has successfully listed during the period due to China tight control on all IPO listings. According to the Management Agreement, the Group will be entitled to receive a management fee which is calculated based on 70% of the net profits of Careall Capital. For the period from September 2012 to August 2013, Careall Capital has record a loss. As a result, no management fee income was recorded under the Management Agreement during the year under review. The management of the Company has made an impairment of approximately HK$32,059,000 on the related intangible asset to reflect the appraisal value after the impairment test performed by independent qualified professional valuer. On 7 March 2014, Shenzhen Huaya has entered into a supplementary agreement to revise the terms of Management Agreement (the "**Amendment**") to a sum of a management fee equivalent to 15% of the net profits of Careall Capital (the "**Variable Management Fee**") and a fixed annual management fee for the period from year 2013 to year 2024 (the "**Fixed Management Fee**") (the "**Amendment Agreement**"). The Amendment constitutes a major transaction under Chapter 19 of the GEM Listing Rules and subject to the conditions precedent in relation to the approval of the Stock Exchange and passing the resolution in an extraordinary general meeting. Once the resolution has been passed, the Group will able to recognise income from this segment according to the payment schedule of the Amendment Agreement which the management of the Company believes such change will help to hedge from existing business risk and provide the Group with a more stable cash flow stream.

Investment in financial and investment products

During the year under review, the Group had invested in participation right with working interest through entering into a participation agreement with Intrepid Drilling, LLC ("**Intrepid**"), a Mississippi limited liability company in respect of drilling of new wells within the South Lake Charles Prospect and Lake Boeuf Field Prospect located in State of Louisiana, United States. Commencement of production of the South Lake Charles well will be expected in July 2014 hence no income nor loss was derived from this segment. The fair value of the participation right amounted to approximately HK$14,766,000 is determined based on valuation prepared by the independent qualified professional valuer. The management of the Company will continue to seek for new investment when opportunities arises.

Technical advisory and marketing consultation services

The technical advisory and marketing consultation services is a newly commence segment for the Group which accounted for the entire revenue of the Group for the year under review. The turnover for the segment was approximately HK$6,026,000. During the year, the Group has begun to provide advisory and consultation by utilising the extensive business network companies with which accumulated through out the years while reviewing business for investments. It provides companies with business solutions regarding production of technological advisory and marketing consultation through strategically collaborating between different companies within the network to achieve various objectives. The Group will continue to devote more energy into this segment in the future.

* *the English translation of the Chinese name is for identification purpose only and should not be regarded as the official English translation of such Chinese name.*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK AND MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Acquisition of 51% interest in Careall International Energy Holding Company Limited

On 20 January 2014, the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor (the chairman of the Board and an executive Director) entered into the Acquisition Agreement, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and the Sale Loan from the Vendor at the Consideration of US$10,200,000 in cash. Assets to be acquired are as follows:

(i) The Sale Shares, being 51% of the entire issued share capital of the Target Company; and

(ii) The Sale Loan, being 100% of all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether the same is due and payable on Completion, amounted to US$10,200,000.

The Target Company has no business activity other than the holding of 60% equity interest in the Project Company. The Project Company is a party to the Subsoil Use Contract, which allows the Project Company to conduct exploration drilling and oil production in the contracted area at Block XXXVII-12 located in Mangistau province of Kazakhstan. The Subsoil Contract Area under the Subsoil Use Contract is approximately 137 square kilometres and comprises two oil fields (namely, Shalva and Zhaloganoi).

For details please refer to the announcement of the Company dated 20 January 2014, 31 March 2014 and 29 May 2014.

Disposal of 100% equity interest of Supreme Luck and further extension of long stop date

On 20 June 2013, the Company also entered into the sales and purchase agreement with the independent third party pursuant to which the Company has conditionally agreed to sell and the purchaser has conditionally agreed to purchase the entire issued and paid up share capital of Supreme Luck, which includes the trade receivables of approximately HK$159,026,000 and income tax payables and other tax payables of approximately HK$91,026,000 at the consideration of HK$68,000,000. As at this report date, the Group has received HK$48,000,000 and the remains will be received on or before 30 June 2014.

Further details of the Disposal are set out in the announcement of the Company dated 20 June 2013, 24 October 2013, 14 January 2014, 6 March 2014 and 6 June 2014.

Novation of Management Agreement

Reference is made to page 4 of the Company's announcement dated 20 June 2013 regarding the Proposed Restructuring (as defined on that page). As disclosed in that announcement, on 19 June 2013, a new management agreement ("**New Management Agreement**") was entered into between a wholly-owned subsidiary of the Company and Careall Capital on substantially the same terms and conditions as the Management Agreement for the remaining terms of the Management Agreement.

The wholly-owned subsidiary of the Company which entered into the New Management Agreement is Shenzhen Huaya Energy Company Limited ("**Shenzhen Huaya**").

On 19 June 2013, Shenzhen Careall Electric Technologies Company Limited* and Shenzhen Careall Investment Holding Group Company Limited* executed a share pledge agreement in favour of Shenzhen Huaya whereby their entire equity interest in Careall Capital was pledged as a security for the due performance by Careall Capital of its obligation under the New Management Agreement. On the same date, Mr. Wang Hongjun, Ms. Li Xiaomei and Mr. Wang Shuai (collectively the "**Guarantors**") entered into a guarantee with Shenzhen Huaya and Careall Capital whereby the Guarantors provided personal guarantee to Shenzhen Huaya for the due performance by Careall Capital of its obligations under the New Management Agreement.

Amendment of New Management Agreement

On 7 March 2014, Shenzhen Huaya and Careall Capital entered into the Amendment Agreement together with other parties pursuant to which the parties conditionally agreed to revise the terms on payment of the management fee and the option to renew the contract in respect of the New Management Agreement.

Pursuant to the Amendment Agreement, annual management fee was revised to a sum of a fee equivalent to 15% of the net profits of Careall Capital and a fixed management fee for the respective periods as follows:

From	To	Fixed management fee in RMB
1 September 2013	31 August 2014	10,000,000
1 September 2014	31 August 2015	10,000,000
1 September 2015	31 August 2016	11,000,000
1 September 2016	31 August 2017	11,000,000
1 September 2017	31 August 2018	12,000,000
1 September 2018	31 August 2019	12,000,000
1 September 2019	31 August 2020	13,000,000
1 September 2020	31 August 2021	13,000,000
1 September 2021	31 August 2022	14,000,000
1 September 2022	31 August 2023	15,000,000
1 September 2023	31 August 2024	16,000,000
	Total	137,000,000

The new annual management fee consisting of the fixed fee and 15% of the net profits of Careall Capital and the cancellation of the Option were determined as a package in exchange of the annual management fee of 70% of the net profits of Careall Capital after arm's length negotiations between the parties to the Amendment Agreement with reference to the comparison of the valuation of the New Management Agreement and the Amendment Agreement performed by an independent qualified professional valuer. For details, please refer to the announcement of the Company dated 7 March 2014.

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MANAGEMENT DISCUSSION AND ANALYSIS

Entering into participation agreements with Intrepid Drilling, LLC

On 24 November 2013, CEH Energy LLC ("**CEH**"), a wholly-owned subsidiary of the Company incorporated in the United States of America entered into a participation agreement with Intrepid Drilling, LLC ("**Intrepid**"), a Mississippi limited liability company in respect of drilling of a new well within the South Lake Charles Prospect, which covers 453 leasehold acres, more or less, in Calcasieu Parish, Louisiana, and is the area of mutual interest ("**AMI**") for the Participation Agreement. The initial well on the prospect will be drilled to a total of 15,000 feet true vertical depth to test the objective Hackberry sands. For details please refer to the announcement of the Company dated 28 November 2013.

On 18 February 2014, CEH entered into an addendum#1 & amendment ("**Addendum**") to the Participation Agreement with Intrepid for the purpose of including CEH's purchase of a working interest in the initial well ("**Lake Boeuf Well**") (Peltier A-1) to be drilled on the Lake Boeuf Field Prospect AMI covering 528 acres in Lafourche Parish, Louisiana, and to incorporate trade terms for the Lake Boeuf Field Prospect different from those included in the Participation Agreement. For details please refer to the announcement of the Company dated 20 February 2014.

Termination of placing of unlisted Warrants

On 28 January 2014 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company had conditionally appointed the Placing Agent as its agent to place, on a best-effort basis, Warrants conferring the right to subscribe for up to 211,000,000 Shares in aggregate at an issue price of HK$0.01 per Warrant. Such Placing Agreement was terminated on 19 February 2014. For details please refer to the announcement of the Company dated 28 January 2014 and 19 February 2014.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had cash and cash equivalents with bank deposit of approximately HK$81,180,000 as at 31 March 2014 (2013: approximately HK$16,100,000) and maintain a sturdy financial situation with current assets totaling approximately HK$268,571,000 for the year ended 31 March 2014 (2013: approximately HK$288,486,000). The Group had nil of borrowings (2013: Nil).

Investment

As at 31 March 2014, the Group had investment approximately HK$14,766,000 as at 31 March 2014 (2013: Nil). The management will take a cautious and prudent approach in implementing our strategies in the future.

Revenue, Gross Loss and Administrative Expenses

For the year ended 31 March 2014, the Group's turnover was approximately HK$6,026,000 which was comprised of revenue from technical advisory and marketing consultation services as compared to approximately HK$162,011,000 for the year ended 31 March 2013 from management fee income. The gross loss for the Group was approximately HK$12,001,000 (2013: gross profit of approximately HK$129,298,000). The Group generated a net loss attributable to owners of the Company of approximately HK$58,925,000 for the year ended 31 March 2014, compared to a net loss attributable to owners of the Company of approximately HK$143,440,000 for the year ended 31 March 2013. The loss was majorly raised from impairment loss on intangible assets with an amount of approximately HK$32,059,000 (2013: approximately HK$233,465,000). Cost of sale incurred by the Group for the year ended 31 March 2014 amounted to approximately HK$18,027,000 (2013: approximately HK$32,713,000), which approximately HK$12,607,000 represents the amortisation of an intangible asset (2013: approximately HK$32,713,000). Administrative expenses for the year ended 31 March 2014 was approximately HK$16,213,000 (2013: approximately HK$11,197,000). This included lease charges of approximately HK$2,147,000 (2013: approximately HK$2,919,000).

Gearing Ratio and Current Ratio

As at 31 March 2014, the Group had nil gearing ratio as computed on the basis of net borrowings to total equity (2013: Nil) and with a current ratio of 2.62 times (2013: 3.14 times).

Use of Proceeds

On 7 August 2012, the Company issued 145,590,000 new placing shares to 6 independent third party investors through a placing agent to raise proceeds of approximately HK$16,015,000 (representing the net price of approximately HK$0.11 per placing share) in cash for the Group's general working capital.

On 27 December 2012, the Company issued 150,000,000 new placing shares to 7 independent third party investors through a placing agent to raise proceeds of approximately HK$25,650,000 (representing the net price of approximately HK$1.171 per placing share) in cash for the Group's general working capital.

CAPITAL STRUCTURE

Movements in capital structure of the Company during the year are set out in note 27 to the consolidated financial statement. The capital of the Company comprises only ordinary shares.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2014 (2013: Nil).

EXPOSURE TO FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

The Group's business transactions are mainly denominated in Hong Kong dollars, Renminbi and US dollars. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2014, the Group had an aggregate of 12 (2013: 11) employees. The total staff cost for the year ended 31 March 2014 was approximately HK$4,723,000 (2013: approximately HK$3,675,000) The employee's remuneration package includes salary, bonus and share options. Pursuant to the Group's remuneration policy, employees are rewarded on the basis of merit and market conditions and in accordance with the statutory requirements of the respective jurisdiction where the employees located. The Group has not granted any share option to the employees under its existing share option schemes during the year ended 31 March 2014 (2013: Nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2014 (2013: Nil).

CAPITAL COMMITMENTS

The Group has capital commitments in respect of available-for-sale financial assets as at 31 March 2014 of approximately HK$1,840,000 (2013: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Shi Yanmin, aged 62, graduated from Peking University, Department of Geology, earthquake geology professional. Later he received a doctorate in China University of Petroleum (Beijing). He has over 40 years experience in petroleum geology, exploration and development of oil and gas fields, comprehensive utilisation of oil and gas, and project management. He served as vice general manager and chief geologist at PetroChina Dagang Oilfield Group Company, deputy general manager of China National Oil and Gas Exploration and Development Corporation and the general manager of CNPC South China Exploration and Development Company. He is currently the President and Director of China Natural Gas Corporation Limited. He has made contributions for the Chinese oil exploration and development at home and abroad by discovering multiple oil fields at Dagang; including the first Sino-foreign cooperation in China's onshore million tons commercial oil field; discovered Hainan Fushan Oilfield in China and built an oil and gas production base with an annual output of 40 million tons; vigorously promoted gas comprehensive utilisation in more than 10 provinces and autonomous regions in China and made outstanding contributions in a wide range of applications for clean energy. Meanwhile he provide technical support to a number of overseas oil projects, and trained a number of key talents. He has won numerous awards, including the Meritorious Entrepreneur of the Year in Hainan, China Youth Science and Technology Award, the China Geological Association Youth Science and Technology Award "Jin Chui Award", the Chinese Ministry of Petroleum Industry, Science and Technology Progress Award of China Oil Industry Ministry and enjoys special allowance remuneration from the State Council.

Mr. Zha Jian Ping, aged 43, graduated from the Shanghai University of Finance and Economics majoring in accounting (Bachelor Degree in Economics), the Chinese Academy of Social Sciences as a postgraduate and the University of Wisconsin in the United States with a Master degree in Business Administration. He is a senior accountant in the People's Republic of China (the "**PRC**").

Mr. Zha worked in various large enterprise groups such as Nam Kwong (Group) Company Limited in Macau, Jinbei Vehicle Manufacturing Co., Ltd (a listed company in the PRC) and Brilliance China Automotive Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 1114) and in the United States). For years, he acted as various senior positions such as director, vice president and chief financial officer and led several departments including finance, commerce, information and logistics departments of the corporates.

Mr. Yau Yan Ming Raymond, aged 46, has over 18 years of work experience in auditing, accounting, taxation, company secretarial, corporate finance and financial management, in both private and listed companies. Mr. Yau is an associate member of both the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants. Mr. Yau is also a fellow member of the Taxation Institute of Hong Kong. He is currently an independent non-executive director of Willie International Holdings Limited (stock code: 273), Chanceton Financial Group Limited (stock code: 8020), and Tack Fiori International Group Limited (stock code: 928), all of which are listed on the Stock Exchange of Hong Kong. He was an independent non-executive director of Birmingham International Holdings Limited (stock code: 2309). Mr. Yau holds a master degree in Science majoring in Japanese business studies and bachelor degree in Business Administration majoring in accounting in the United States of America. He also acts as the company secretary of the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ji Peng, aged 37, graduated at Guangdong Science and Technology Learning Institute and major in finance. He holds a bachelor degree and a Chinese Professional Manager Diploma and participated in professional training in the projects and investment. Currently, he further his studies in specialising in investment and finance Management at Zhongnan University of Economics and Law. Mr. Ji is currently a director of one of the subsidiaries of the Company and he had held positions as deputy project director and deputy investment director in several new technology, green energy companies as well as venture capital firms in the People's Republic of China ("**PRC**"). He has extensive experience in supply chain, production, operations and risk management and capital operations in the development, exploration, operation, share capital and listing of environmental-friendly energy, coal resource and recycle energy.

NON-EXECUTIVE DIRECTOR

Ms. Qi Yue, aged 50, graduated from the Henan University of Finance and Economics majoring in accounting (Bachelor Degree in Economics). She has China accountant qualification. Ms. Qi worked in banking and finance for a long period. She was a member of internal control expert advisory team of auditing department and a research leader of financial management audit institution at the head office of China Construction Bank. She has rich professional experience in risk management and audit of financial products area.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Tze Chung, aged 42, holds a Degree of Master of Science in Finance from City University of Hong Kong and a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University. Mr. Lam is a member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. Mr. Lam has over 10 years of working experience in accounting field.

Mr. Wu Ka Ho Stanley, aged 48, holds a master degree in Business Administration in International Management from the University of London and a bachelor degree in Accounting from the University of Hull, the United Kingdom. He is a fellow member of the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong. Mr. Wu is also a member of Hong Kong Institute of Certified Public Accountants and a certified tax advisor in Hong Kong. He served as auditor for a sizable international accounting firm and held senior management positions in several private enterprises. Mr. Wu has extensive work experience in finance and auditing. He is also a fellow member of the Association of Chartered Certified Accountants.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yue Laiqun, aged 55, holds a doctoral degree in Science from the China University of Geosciences and a master degree in Science from Chinese Academy of Geological Sciences. He is a professor-level senior engineer and a qualified researcher for mining economics. Mr. Yue was the chief engineer of Fujian No. 4 Geological Party of Ministry of Geology and Mineral Resources of the People's Republic of China, an assistant researcher of the Department of Geology and Mineral Resources of the People's Republic of China of Fujian Bureau of Geology and Mineral Resources under the Ministry of Geology and Mineral Resources and deputy director of Science and Technology Division of Fujian Provincial Bureau of Geology and Mineral Exploration of the People's Republic of China. He currently acts as the deputy chief engineer of Oil and Gas Resources Strategic Research Center of the Ministry of Land and Resources of the People's Republic of China. Mr. Yue has extensive experience in exploration of geological and mineral resources and strategic planning for oil and gas resources. He has published several papers on geological exploration, oil and gas resources economics and strategic research on energy and resources.

SENIOR MANAGEMENT

Chief Geologist

Mr. Luo Chuanrong, aged 51, graduated from Geophysical Exploration Department of Wuhan Institute of Geology (currently known as China University of Geosciences (Wuhan)) with a bachelor's degree in geophysical exploration of petroleum and received a master's degree in survey and exploration of coal and petroleum from Energy Department of China University of Geosciences (Beijing). He has conducted in-depth research on analysis of oil and gas basins and evolution of plate tectonics with rich experience in estimation of complex reserve layers, geology of oil and gas basins and venture exploration. He served as head and vice chief engineer of the Institute of Tectonics under Jingzhou Academy of Exploration of Sinopec Star Petroleum Co., Ltd and chief geologist of China Era Energy Power Investment (Hong Kong) Limited. Currently, he acts as vice general manager of Beijing Wobang Energy Investment Consultancy Co., Ltd. He has received numerous awards for his research achievements, including second class prize for technological improvements from Ministry of Geology and Mineral Resources and Jiangsu Province, third class prize for technological improvements from Sinopec and the prize for excellent research achievements jointly issued by, among others, the Ministry of Science and Technology, the Ministry of Foreign Economic Relations and Trade, the Ministry of Land and Resources and National Development and Reform Commission.

REPORT OF THE DIRECTORS

The Directors present their annual report and the consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in provision of management services, investment in financial and investment products, technical advisory and marketing consultation services.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2014 are set out in note 21 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 30 of the annual report.

The Directors do not recommend the payment of any dividend in respect of the year (2013: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2014, the aggregate amount of turnover attribute to the Group's five largest customers was about 100% (2013: About 100%) of the total value of the Group's turnover. The aggregate amount of purchases attribute to the Group's five largest suppliers was about 100% (2013: Nil) of the Group's total purchases.

At no time during the year have the Directors, their associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in major customers or suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

REPORT OF THE DIRECTORS

RESERVES AND DISTRIBUTABLE RESERVES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Shares during the year ended 31 March 2014.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on pages 87 to 88 of the annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACT

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Shi Yanmin ("**Mr. Shi**")
Mr. Zha Jian Ping ("**Mr. Zha**")
Mr. Yau Yan Ming Raymond ("**Mr. Yau**")
Mr. Ji Peng ("**Mr. Ji**")

Non-executive Directors:

Ms. Qi Yue ("**Ms. Qi**")
Mr. Wang Chuntian ("**Mr. Wang**") (Retired on 28 August 2013)

Independent Non-executive Directors:

Mr. Lam Tze Chung ("**Mr. Lam**")
Mr. Wu Ka Ho Stanley ("**Mr. Wu**")
Mr. Yue Laiqun ("**Mr. Yue**")

In accordance with article 120 of the Company's Articles of Association, Mr. Lam, Mr. Wu and Mr. Yue will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory obligations.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

At 31 March 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

Long Positions in Ordinary Shares of the Company ("Shares")

No long positions of Directors in the Shares was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long Positions in Underlying Shares – Share Options Granted by the Company

No long positions of Directors in the underlying shares of the equity derivatives of the Company or any of its associated corporations was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long Positions in Debentures

No long positions of Directors in the debentures of the Company or any of its associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Long Positions in the Shares of Associated Corporation

No long positions of the Directors in the shares of the associated corporations of the Company was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short Positions in the Shares

No short positions of Directors in the Shares or any of its associated corporations was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short Positions in Underlying Shares

No short positions of Directors in the underlying shares of the equity derivatives of the Company or any of its associated corporations was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Short Positions in Debentures

No short positions of Directors in the debentures of the Company or any of its associated corporations was recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Save as disclosed above, at 31 March 2014, none of the Directors or chief executive of the Company had any interests in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES

At 31 March 2014, the following persons or companies (other than the Directors or chief executive of the Company) had an interest 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 Division 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.

Long Positions in the Shares

Name of Substantial Shareholder	Capacity/ Nature of interest	Number of ordinary shares in the Company held	Percentage of issued share capital of the Company
Liang Ying Shu *(Note 1)*	Beneficial owner	74,244,700	7.01% *(Note 2)*
Wang Jiao *(Note 1)*	Beneficial owner	74,244,700	7.01% *(Note 2)*

Note:

1. These shares are registered under a jointly owned account. By virtue of the SFO, both parties were deemed to be interested in the Shares.

2. The percentage is based on 1,058,841,000 issued Shares as at 31 March 2014.

Long Positions in Underlying Shares

No long positions of other persons and substantial shareholders in the Shares were recorded in the register.

Short Positions in the Shares

No short positions of other persons and substantial shareholders in the Shares were recorded in the register.

Short Positions in Underlying Shares

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, at 31 March 2014, the Directors were not aware of any persons or companies (other than the Directors or chief executive of the Company) had an interest 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 Division 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.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As disclosed under the paragraph headed "Directors' interests and short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations" above and in the share option scheme disclosures in note 29 to the consolidated financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective spouse or minor children to acquire such rights in any other body corporate.

SHARE OPTION SCHEMES

Detailed disclosures relating to the Company's share option schemes are set out in note 29 to the consolidated financial statements.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

MANAGEMENT CONTRACTS

No contracts concerning to management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPETING INTERESTS

During the year under review, none of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business that competed with the Group or might compete with the business of the Group.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this annual report, the audit committee comprises three members, Mr. Lam, Mr. Wu and Mr. Yue, all are independent non-executive Directors. The audit committee held four meetings during the year. The Group's annual consolidated results for the year ended 31 March 2014 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures have been made.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set out by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees, details of the scheme are set out in note 29 to the consolidated financial statements.

Details of the remuneration of the Directors and the five highest paid employees in the Group are set out in note 14 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of the annual report, the Company has maintained the prescribed public float under the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 20 to 27 of the annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

The Company has adopted share option schemes as an incentive to Directors and eligible employees, details of the schemes are set out in note 29 to the consolidated financial statements.

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTION

On 20 January 2014, the Group entered into Share Purchase and Sale Agreement for acquiring 51% of the entire issued share capital of the Careall International Energy Holding Company Limited ("**Careall Energy**") at a consideration of US$10,200,000. Mr. Shi, an executive Director and the chairman of the Company, holds 71% shareholdings in Careall Energy on the date of the transaction. The acquisition constituted a connected transaction under the GEM Listing Rules. The details of the transaction were set out in the announcement dated 20 January 2014 of the Company.

Save as disclosed above, no contract of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review. There are no other transactions to be disclosed on connected transactions in accordance with the requirements of the GEM Listing Rules and accounting principles generally accepted in Hong Kong.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers all of the independent non-executive Directors are independent.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 34 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2012 was audited by HLM & Co.. On 25 January 2013, Messrs. HLM & Co., Certified Public Accountants resigned as the auditor of the Company and Messrs. HLM CPA Limited was appointed by the Directors to fill the casual vacancy. The consolidated financial statements of the Group for the years ended 31 March 2013 and 2014 have been audited by Messrs. HLM CPA Limited. A resolution for their reappointment as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board
Shi Yanmin
Chairman

Hong Kong
23 June 2014

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2014, except for the deviation from the code provision A.4.1. of the Corporate Governance Code (the "**CG Code**"), the Company complied with all CG Code under Appendix 15 of the Growth Enterprise Market of the Rules Governing the Listing of Securities (the "**GEM Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") covering the period from 1 April 2013.

Under the Code Provision A.4.1. of the CG Code, non-executive Directors should be appointed for a specific term, subject to re-election while all Directors should be subject to retirement by rotation at least once every three years.

All non-executive Director and independent non-executive Directors were not appointed for a specific term but they are subject to retirement by rotation and re-election at annual general meeting of the Company in line with the Articles. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than exacting than those in the CG Code.

The board of Directors (the "**Board**") of the Company is committed to maintaining high standards of corporate governance and integrity, and to ensuring transparent and adequate levels of disclosure. The Board will continue to review and recommend such step as appropriate in a timely manner in order to comply with the requirement of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

During the year under review, the Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon the Group's specific enquiry, each Director confirmed that during the year ended 31 March 2014, he or she had fully complied with the required standard of dealings and there was no event of non-compliance.

BOARD OF DIRECTORS

Composition of the board

The Board currently comprises eight Directors in total, with four executive Directors, one non-executive Director, and three independent non-executive Directors. The Directors during the year under review and up to the date of this report were as follows:

Executive Directors

Mr. Shi Yanmin *(Chairman)*
Mr. Yau Yan Ming Raymond
Mr. Zha Jian Ping
Mr. Ji Peng

Non-executive Director

Ms. Qi Yue

Independent non-executive Directors

Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Yue Laiqun

Number of Meetings and Directors' Attendance

Regular board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 March 2014, one annual general meeting ("**AGM**"), fifteen board meetings, four audit committee meetings, four nomination committee meetings and four remuneration committee meetings were held. The individual attendance record of each Director at the meetings during the financial year is set out below:

	Attendance/Number of Meetings				
Name of Directors	**AGM**	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive Directors					
Mr. Shi Yanmin *(Chairman)*	1/1	2/15	0/4	N/A	N/A
Mr. Yau Yan Ming Raymond	1/1	15/15	4/4	N/A	4/4
Mr. Zha Jian Ping	1/1	15/15	N/A	4/4	N/A
Mr. Ji Peng	1/1	15/15	N/A	N/A	N/A
Non-executive Directors					
Ms. Qi Yue	0/1	0/15	N/A	N/A	N/A
Mr. Wang Chuntian (Retired on 28 August 2013)	0/1	0/1	N/A	N/A	N/A
Independent non-executive Directors					
Mr. Lam Tze Chung	1/1	4/15	4/4	4/4	4/4
Mr. Wu Ka Ho Stanley	0/1	2/15	4/4	4/4	4/4
Mr. Yue Laiqun	1/1	2/15	3/4	3/4	3/4

Roles and Responsibilities

The Board is responsible for overseeing the overall business strategy, management planning and control of the Company. The management is responsible for day-to-day management of the Company and its subsidiaries (collectively the "**Group**"). All Directors have accumulated sufficient and valuable experience to carry out their duties in an efficient and effective manner. Details of the backgrounds and qualifications of the Directors are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report.

All Directors of the Company have acted in good faith for the best interests of the Company and the stakeholders of the Company. Other than the Statutory duties imposed on each of them, all of the Directors have exercised due care in monitoring the corporate matters of the Company and have closed concern, sufficient time and attention to the significant issues and affairs of the Group.

The executive Directors and senior management meet every week to review company business matters and escalate the matters to the Board meeting for further discussion whenever necessary. Save for the regular board meetings held during the financial year, meeting of the Directors were held to discuss and transact other special businesses. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments. All businesses transacted at the board meeting are properly documented and recorded.

The Board and each Director also have separate and independent access to the senior management whenever necessary. Moreover, they have access to the company secretary who is responsible for ensuring that Board procedures are complied with and who advises the Board on corporate governance and compliance matters. The company secretary have participated in no less than 15 hours of relevant professional training to develop and refresh their knowledge and skills during the financial year pursuant to Rules 5.15 of the GEM Listing Rules and provided their training records for the Company.

Independence

The independent non-executive Directors were appointed by reference to their respective qualification and experience to ensure that they are competent to perform their duties and to protect the interests of the stakeholders. Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules. There is no financial, business, family or other material/relevant relationship among the members of the Board, in particular, between the chairman of the Board and the chief executive of the Company.

In accordance with the Articles of the Company, one-third of the Directors are subject to retirement by rotation or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from the office and being eligible offer themselves for re-election provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The Directors to be retired by rotation shall be those who have been longest in office since their last appointment or re-appointment or those who were appointed by the Board during the year to fill any casual vacancy.

Chairman and Chief Executive

As at the date of this report, the Company had Mr. Shi Yanmin to assume the role as the chairman of the Board and the executive Director of the Company and Mr. Zha Jian Ping was the chief executive officer and the executive Director of the Company. The Board's decisions are implemented under the leadership of the chairman with the involvement and support of the chief executive officer of the Company's day to day operating of the Group. The Board believes that the balance of authority and division of responsibility are adequately ensured by the operations of the Board and management which comprise experienced and high calibre individuals.

Non-executive Directors

The non-executive Director and independent non-executive Directors were appointed by reference to their respective qualification and experience to ensure that they are competent to perform their duties and to protect the interests of the stakeholders. They were not appointed for a specific term but they are subject to retirement by rotation and re-election at annual general meeting of the Company in line with the Articles. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less than exacting than those in the CG Code.

TRAINING FOR DIRECTORS

Each newly appointed Directors receives a comprehensive and formal induction to ensure that he/she has an appropriate understanding of (i) the business and operations of the Group; (ii) his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements; (iii) the CG Code of the Company and (iv) the Model Code for the Securities Transactions by Directors of Listed Issuers.

Directors are continually updated on developments in the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged at the expenses of the Company whenever necessary. The Directors are committed to complying with Code Provision A.6.5 of the new CG Code on Directors' training effective from 1 April 2012. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided their training records for the financial year to the Company.

The Participation by individual Director during the year is set out below:

Name of Directors	Read Regulatory updates/materials	Attend conference/ seminars/workshops
Executive Directors		
Mr. Shi Yanmin *(Chairman)*	Yes	Yes
Mr. Yau Yan Ming Raymond	Yes	Yes
Mr. Zha Jian Ping	Yes	Yes
Mr. Ji Peng	Yes	Yes
Non-executive Director		
Ms. Qi Yue	Yes	Yes
Independent non-executive Directors		
Mr. Lam Tze Chung	Yes	Yes
Mr. Wu Ka Ho Stanley	Yes	Yes
Mr. Yue Laiqun	Yes	Yes

Board Diversity

The Board has established a set of Board Diversity Policy setting out the approach to achieve diversity on the Board with the aims of enhancing Board effectiveness and corporate governance as well as achieving our business objectives and sustainable development. Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, required expertise, skills, knowledge and length of service. The current Board consists of a diverse mix of Board members appropriate to the requirement of the business of the Company.

BOARD COMMITTEES

The Board has established three board committees, namely Nomination Committee, Remuneration Committee and Audit Committee. All of these committees have their respective terms of reference which accord with the principles set out in the Code contained in Appendix 15 to the GEM Listing Rules.

Remuneration Committee

The Remuneration Committee comprises four members, namely, Mr. Wu Ka Ho Stanley ("**Mr. Wu**"), Mr. Lam Tze Chung, Mr. Yue Laiqun and Mr. Yau Yan Ming Raymond. The committee is chaired by Mr. Wu and other members are independent non-executive and one executive Directors. Four meetings were held during the year.

The Company formulated written terms of reference for the Remuneration Committee and the adopted terms of reference are in compliance with the Code Provision in the CG Code.

The primary duties of the Remuneration Committee, among others, are (i) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management renumeration and on the establishment of a formal and transparent procedure for developing remuneration policy; (ii) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives; and (iii) to make recommendations to the board on the remuneration packages of individual executive Directors and senior management. During the year, the Remuneration Committee had meet regularly and reviewed the remuneration package for the Directors, senior management and general staff of the Group.

The Directors' fees and all other emoluments paid or payable to the Directors during the year are set out on an individual and named basis in note 14 to the Consolidated Statements of this Annual Report on page 67. Pursuant to code provision B.1.5 of the CG Code, the remuneration of the senior management by band for the year ended 31 March 2014 and the remuneration of the Directors and the five highest paid employees are set out in Note 14 to the financial statements on page 67.

Nomination Committee

The Company formulated written terms of reference for the Nomination Committee and the adopted terms of reference are in compliance with the Code Provision in the CG Code.

The Nomination Committee currently consists of three independent non-executive Directors, namely, Mr. Yue Laiqun ("**Mr. Yue**"), Mr. Lam Tze Chung and Mr. Wu Ka Ho Stanley, and one executive Director of the Company, namely Mr. Zha Jian Ping. The committee is chaired by Mr. Yue. Four meetings were held during the year. The principal duties of the Nomination Committee include, among other things:

(a) to 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;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and chief executive of the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties set out in the code provision D.3.1 of the CG Code. The duties of the Board include:

(i) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(v) to review the Group's compliance with the CG Code and disclosure in the CG Report.

During the year under review, the Board performed the above duties set out in the code provision D.3.1 of the CG Code.

Audit Committee

The Company has established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has three members comprising all the independent non-executive Directors, namely, Mr. Lam Tze Chung as the chairman of the Audit Committee, Mr. Wu Ka Ho Stanley and Mr. Yue Laiqun. All committee members possess appropriate industry and financial experience to advise on the Group's strategy and other matters. The composition of the Audit Committee meets the requirements of Rule 5.28 of the GEM Listing Rules. The primary duties of the Audit Committee are to ensure the adequacy and effectiveness of the accounting and financial controls of the Group, oversee the performance of internal control systems and financial reporting process, monitor the integrity of the financial statements and compliance with statutory and listing requirements.

During the year under review, four meetings were held by the Audit Committee to approve the nature and scope of the statutory audits, and review the quarterly, interim and annual financial statements of the Group, and was content that the accounting policies and standards of the Group are in accordance with the current best practices in Hong Kong.

Auditor's Remuneration

The Audit Committee is responsible for consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditor and to approve the remuneration and the terms of engagement of the external auditor; and any questions of resignation or dismissal.

The remuneration of the external auditor, HLM CPA Limited, of the Company in respect of audit services for the year ended 31 March 2014 amounted to HK$350,000. The remuneration for non-audit services was amounted to HK$460,000.

COMPANY SECRETARY

For the year ended 31 March 2014, the company secretary was Mr. Yau Yan Ming Raymond ("**Mr. Yau**"), a associate member of the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants. The Company is of the view that Mr. Yau has compiled with Rule 5.15 of the GEM Listing Rules. During the reporting year, Mr. Yau undertook over 15 hours of relevant professional training to update his skill and knowledge in compliance with the CG Code.

SHAREHOLDERS' RIGHTS

Pursuant to Article 73 of the Articles of Association of the Company and Section 113 of the Companies Ordinance, shareholder(s) of the Company holding not less than one-twentieth of the paid-up capital of the Company may request the Board of Directors of the Company to convene an extraordinary general meeting by way of depositing a written requisition at the registered office of the Company (Room 2207, 22/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong). The objects of the meeting must be stated in the related requisition signed by the requisitionist(s).

Under Section 115A of the Companies Ordinance, shareholder(s) holding not less than one-fortieth of the total voting rights or not less than 50 shareholders (holding shares on which there has been paid up an average sum of not less than HK$2,000 per shareholder) may at their expense propose any resolution at any general meeting by way of depositing a written notice signed by the requisitionist(s) at the registered office of the Company (Room 2207, 22/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong) not less than six weeks before the meeting. The notice shall contain a description of the proposed resolution desired to be put forward at the meeting, the reasons for such proposal and any material interest of the proposing shareholder(s) in such proposal.

Shareholders may put enquiries to the Board or put forward proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meetings. Shareholders' enquiries or proposals can be directed in writing to the Board or the company secretary at Room 2207, 22/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong or by email to info@chinese-energy.com.

INVESTOR RELATIONS

During the year ended 31 March 2014, the Company did not made any changes to its Memorandum and Articles of Association. The existing version of the Company's Memorandum and Articles of Association is available on the Company's website and the HKExnews website.

The Company has established different communication channels with shareholders and investors, including (i) printed copies of corporate communications (including but not limited to annual reports, quarter report, interim reports, notices of meetings, circulars and proxy forms) required under the Listing Rules, and shareholders can choose (or are deemed to have consented) to receive such documents using electronic means through the Company's website; (ii) the annual general meeting provides a forum for shareholders to raise comments and exchange views with the Board; (iii) updated and key information on the Group is available on the website of the Company; (iv) the Company's website (http://www.chinese-energy.com) offers a communication channel between the Company and its shareholders and stakeholders; (v) the Company's share registrar deals with shareholders for share registration and related matters; and (vi) the company secretary of the Company handles enquiries from shareholders and investors generally. In compliance with the CG Code under Appendix 15 of the GEM Listing Rules, the Company has established a shareholders communication policy in April 2012 which is subject to review on a regular basis to ensure its effectiveness. This policy is available on the Company's website (http://www.chinese-energy.com). Individual resolution has been proposed by the Chairman in the general meetings for each substantial issue. At the annual general meeting as well as the extraordinary general meeting of the Company held in the Financial year, the chairman of the Company and/or the members of the Board (including independent non-executive Directors) were available to answer questions raised by shareholders.

INTERNAL CONTROLS

It is the responsibility of the Board to ensure that the Group maintains a sound and effective system of internal controls. The Company has formulated and adopted a Compliance Manual and Accounting Procedures to enhance better internal control and such Compliance Manual and Accounting Procedures would be reviewed by the Company from time to time. The Company has also implemented practical and effective control systems with reporting lines, reporting, responsibilities and proper procedures.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a clear and understandable assessment of annual, interim, and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledge their responsibility for preparing the consolidated financial statements which give a true and fair view of the state of the Group's affairs and of its accounts of the Company for the year ended 31 March 2014.

The statement of the external auditor of the Company about the reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" in this annual report.

VOTING BY POLL

All resolutions put forward at the general meetings of the Company were voted by way of poll and the announcements on the poll vote results were made by the Company after the respective general meetings in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

INDEPENDENT AUDITOR'S REPORT

恒健會計師行有限公司
HLM CPA LIMITED
Certified Public Accountants

Room 305, Arion Commercial Centre
2-12 Queen's Road West, Hong Kong.
香港皇后大道西2-12號聯發商業中心305室
Tel 電話: (852) 3103 6980
Fax 傳真: (852) 3104 0170
E-mail 電郵: info@hlm.com.hk

TO THE MEMBERS OF CHINESE ENERGY HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Chinese Energy Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 30 to 86, which comprise the consolidated and Company statements of financial position as at 31 March 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 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.

AUDITOR'S 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, in accordance with section 80 of Schedule 11 of the Hong Kong Companies Ordinance, 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.

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 auditor's 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 auditor considers 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 the Group as at 31 March 2014, 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 Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong
23 June 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Continuing operations			
Turnover	7	**6,026**	162,011
Cost of sale		**(18,027)**	(32,713)
Gross (loss) profit		**(12,001)**	129,298
Other income	9	**1,372**	100
Other gains and losses	10	**(32,062)**	(232,271)
Administrative expenses		**(16,213)**	(11,197)
Finance costs	11	**–**	(161)
Loss before taxation		**(58,904)**	(114,231)
Income tax expense	12	**(21)**	(42,910)
Loss for the year from continuing operations	13	**(58,925)**	(157,141)
Discontinued operations			
Profit for the year from discontinued operations	15	**–**	13,701
Loss for the year		**(58,925)**	(143,440)
Other comprehensive (expense) income for the year, net of income tax			
Items that have been reclassified or may be subsequently reclassified to profit or loss			
Exchange differences arising on translation		**(759)**	8,345
Reclassification adjustments relating to foreign operations disposed of during the year		**–**	117
Net loss arising on revaluation of available-for-sale financial assets		**(149)**	–
		(908)	8,462
Total comprehensive expense for the year		**(59,833)**	(134,978)
Loss attributable to:			
Owners of the Company		**(58,925)**	(143,440)
Non-controlling interests		**–**	–
		(58,925)	(143,440)
Total comprehensive expense attributable to:			
Owners of the Company		**(59,833)**	(134,978)
Non-controlling interests		**–**	–
		(59,833)	(134,978)
Loss per share (HK cents)	17		
From continuing and discontinued operations			
Basic		**(5.57)**	(16.55)
Diluted		**(5.57)**	(16.55)
From continuing operations			
Basic		**(5.57)**	(18.13)
Diluted		**(5.57)**	(18.13)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	18	**144**	406
Intangible asset	19	**101,096**	144,764
Available-for-sale financial assets	20	**14,766**	–
		116,006	145,170
Current assets			
Trade and other receivables	22	**19,819**	269,498
Loan receivables	23	**8,546**	2,888
Bank deposits	24	**80,422**	–
Bank balances and cash	24	**758**	16,100
		109,545	288,486
Assets classified as held for sale	25	**159,026**	–
		268,571	288,486
Current liabilities			
Trade and other payables	26	**3,418**	17,356
Deposit received for disposal of a subsidiary	25	**8,000**	–
Income tax payables		**9**	74,343
		11,427	91,699
Liabilities directly associated with assets classified as held for sale	25	**91,026**	–
		102,453	91,699
Net current assets		**166,118**	196,787
Net assets		**282,124**	341,957
Capital and reserves			
Share capital	27	**550,906**	105,884
Reserves		**(268,782)**	236,073
Equity attributable to owners of the Company		**282,124**	341,957

The consolidated financial statements on pages 30 to 86 were approved and authorised for issue by the Board of Directors on 23 June 2014 and are signed on its behalf by:

Director *Director*

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

STATEMENT OF FINANCIAL POSITION

At 31 March 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current asset			
Investments in subsidiaries	*21*	**294,294**	447,062
Current assets			
Other receivables	*22*	**5,000**	16,258
Loan receivables	*23*	**2,828**	2,800
Amounts due from subsidiaries	*21*	**6,071**	15,178
Bank balances	*24*	**72**	22
		13,971	34,258
Current liability			
Other payables and accruals	*26*	**350**	353
Net current assets		**13,621**	33,905
Total assets less current liabilities		**307,915**	480,967
Non-current liability			
Amounts due to subsidiaries	*21*	**149,301**	149,301
Net assets		**158,614**	331,666
Capital and reserves			
Share capital	*27*	**550,906**	105,884
Reserves	*28*	**(392,292)**	225,782
Total equity		**158,614**	331,666

The financial statements on pages 30 to 86 were approved and authorised for issue by the Board of Directors on 23 June 2014 and are signed on its behalf by:

Director

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Equity attributable to owners of the Company											
	Share capital HK$'000 *(Note 27)*	Share premium HK$'000	Capital redemption reserve HK$'000	Merger reserve HK$'000	Special capital reserve HK$'000	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Equity component of convertible bonds HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2012	763,251	30,090	3,297	45,918	60,592	58,652	–	3,362	(526,175)	438,987	(5)	438,982
Loss for the year	–	–	–	–	–	–	–	–	(143,440)	(143,440)	–	(143,440)
Other comprehensive income												
– Exchange differences arising on translation	–	–	–	–	–	8,345	–	–	–	8,345	–	8,345
– Reclassified adjustments relating to foreign operations disposed of during the year	–	–	–	–	–	117	–	–	–	117	–	117
Total comprehensive income (expense) for the year	–	–	–	–	–	8,462	–	–	(143,440)	(134,978)	–	(134,978)
Transfer to share premium *(Note a)*	(686,926)	686,926	–	–	–	–	–	–	–	–	–	–
Elimination of accumulated losses as at 31 March 2011 against share premium *(Note a)*	–	(347,644)	–	–	–	–	–	–	347,644	–	–	–
Acquisition of additional interests in a subsidiary	–	–	–	–	–	–	–	–	(10)	(10)	5	(5)
Issue of shares by placing	29,559	12,106	–	–	–	–	–	–	–	41,665	–	41,665
Transaction costs attributable to issue of shares by placing	–	(345)	–	–	–	–	–	–	–	(345)	–	(345)
Redemption of convertible bonds	–	–	–	–	–	–	–	(3,362)	–	(3,362)	–	(3,362)
At 31 March 2013 and 1 April 2013	105,884	381,133	3,297	45,918	60,592	67,114	–	–	(321,981)	341,957	–	341,957
Loss for the year	–	–	–	–	–	–	–	–	(58,925)	(58,925)	–	(58,925)
Other comprehensive expense												
– Exchange differences arising on translation	–	–	–	–	–	(759)	–	–	–	(759)	–	(759)
– Net loss arising on revaluation of available-for-sale financial assets	–	–	–	–	–	–	(149)	–	–	(149)	–	(149)
Total comprehensive expense for the year	–	–	–	–	–	(759)	(149)	–	(58,925)	(59,833)	–	(59,833)
Transfer to share capital *(Note b)*	445,022	(381,133)	(3,297)	–	(60,592)	–	–	–	–	–	–	–
At 31 March 2014	550,906	–	–	45,918	–	66,355	(149)	–	(380,906)	282,124	–	282,124

Note:

(a) Pursuant to a special resolution passed at an extraordinary general meeting of the Company held on 12 December 2011 and the subsequent order of the High Court made on 29 May 2012, the amount of approximately HK$686,926,000 then standing to the credit of the share capital accounts of the Company was reduced in accordance with the provisions of the Hong Kong Companies Ordinance (the "Capital Reorganisation") with effect from 26 June 2012. Out of the credit arising from the Capital Reorganisation, approximately HK$347,644,000 was applied to eliminate the accumulated losses of the Company as at 31 March 2011 and the remaining balance of approximately HK$339,282,000 of the credit arising from the Capital Reorganisation was credited to share premium in the accounting records of the Company.

(b) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2014

	2014 HK$'000	2013 HK$'000
Operating activities		
Loss for the year	**(58,925)**	(143,440)
Adjustments for:		
Income tax expense	**21**	42,910
Finance costs	**–**	161
Amortisation of intangible asset	**12,607**	32,713
Depreciation of property, plant and equipment	**302**	582
Impairment loss on trade and other receivables	**–**	396
Impairment loss on intangible asset	**32,059**	233,465
Interest income	**(1,358)**	(96)
Gain on redemption of convertible bonds	**–**	(1,590)
Gain on disposal of subsidiaries	**–**	(13,705)
Loss on disposal of property, plant and equipment	**3**	–
Operating cash flows before movements in working capital	**(15,291)**	151,396
Decrease (increase) in trade and other receivables	**90,469**	(164,210)
Increase in trade and other payables	**2,744**	9,219
Cash generated from (used in) operating activities	**77,922**	(3,595)
Income tax paid	**(12)**	–
Net cash generated from (used in) operating activities	**77,910**	(3,595)
Investing activities		
Refund of (payment for) deposits for potential investment projects	**192**	(16,250)
(Increase) decrease in loan receivables	**(5,551)**	883
Interest received	**1,251**	8
Net cash outflow on additional acquisition of subsidiary	**–**	(5)
Net cash inflow on disposal of subsidiaries	**–**	6,500
Deposit received for disposal of a subsidiary	**8,000**	–
Purchases of property, plant and equipment	**(49)**	–
Proceeds of property, plant and equipment	**6**	–
Purchases of available-for-sale financial assets	**(14,915)**	–
Fixed deposits with banks placed	**(80,422)**	–
Net cash used in investing activities	**(91,488)**	(8,864)
Financing activities		
Interest paid	**–**	(17)
Redemption of convertible bonds	**–**	(8,000)
Loans from non-financial institutions	**–**	3,000
Repayments to non-financial institutions	**–**	(11,800)
Proceeds from placing of shares	**–**	41,665
Payment for transaction costs attributable to placing of shares	**–**	(345)
Net cash generated from financing activities	**–**	24,503
Net (decrease) increase in cash and cash equivalents	**(13,578)**	12,044
Cash and cash equivalents at beginning of the year	**16,100**	4,018
Effect of foreign exchange rate changes	**(1,764)**	38
Cash and cash equivalents at the end of the year	**758**	16,100
Analysis of the balances of cash and cash equivalents:		
Represented by bank balances and cash	**758**	16,100

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are located at Room 2207, 22/F., West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 21.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company. In addition, the functional currencies of certain group entities that operate outside Hong Kong are determined based on the currency of the primary economic environment in which the group entities operate.

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

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

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements *(Continued)*

HKFRS 10 – Consolidated Financial Statements

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 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors are of the opinion that the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g., net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

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

2.1 New and revised HKFRSs affecting amounts reported and/or disclosures in the financial statements *(Continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

2.2 New and revised HKFRSs in issue but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[3]
HKFRS 9	Financial Instruments[4]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transitional Disclosures[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[6]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[6]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions
3 Effective for annual periods beginning on or after 1 July 2014
4 Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 January 2016

The directors of the Company anticipate that the application of the above new or revised HKFRSs have been issued but are not yet effective will have no material impact on the results and the financial position of the Group.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (that is, the Company's financial year which began on 1 April 2014) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap.32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

In addition, for financial reporting purposes, fair value measurements are categorised into Levels 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (that is, reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations *(Continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

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.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Non-current assets held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Discontinued operations

A discontinued operation is a component of the Group, which comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes from the rest of the Group, and has been disposed of, or is classified as held for sale, and either (a) represents a separate major line of business or geographical area of operations, (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or (c) is a subsidiary acquired exclusively with a view of resale.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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) **Management fee income**

Management fee income including that from operating service provided under the management agreement is recognised when services are provided and the management fee income can be measured reliably. The fixed management fee income is recognised on a straight line basis over the term of the management agreement.

(b) **Technical advisory and marketing consultation fee income**

Technical advisory and marketing consultation fee income is recognised when services are provided.

(c) **Investment income**

Sale of available-for-sale financial assets is recognised on a trade date basis. Return on investments is recognised when the entities' rights to receive payment have been established.

(d) **Interest income**

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

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment 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 arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets

Financial assets are classified into '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 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.

Interest income is recognised on effective interest basis for the debt instruments.

AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months after the end of the reporting period.

AFS financial assets are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in the fair value of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

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, loan receivables, amounts due from subsidiaries, bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment losses.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets

Financial assets are assessed for indicators of impairment at each of the end of reporting period. Financial assets are 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 investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a 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 difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, 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 average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is 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.

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.

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 to profit or loss.

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 losses 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 investment 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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 cost.

Convertible bonds containing liability and equity components

Convertible bonds issued by the Company that contain both the liability and conversion option components are classified separately into respective items on initial recognition. 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 classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability component, representing the conversion option for the holder to convert the bonds into equity, is included in equity component of convertible bonds.

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity component of convertible bonds until the embedded option is exercised.

Where the option remains unexercised at the expiry date, the balance stated in equity component of convertible bonds will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

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 charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and other payables and amounts due to subsidiaries) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets 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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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, 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.

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.

Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment losses on tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 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.

Where 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.

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 before tax’ as reported in the consolidated statement of profit or loss and other 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. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 base 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 difference 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 rate (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 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 is 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies

In preparing the consolidated financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at 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 arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the 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 under the heading of the translation reserve (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), all of the exchange difference accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits costs

Payments to central pension scheme and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered services entitling them to the contributions.

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, the directors of the Company are 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.

Key sources of estimation uncertainty

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.

Useful lives and impairment assessment of property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Property, plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income.

Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

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

Key sources of estimation uncertainty *(Continued)*

Impairment loss recognised in respect of other receivables, loan receivables and investment deposits

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment loss recognised in respect of intangible asset

The Group determines whether an asset is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

Fair value of available-for-sale financial assets

The Group's available-for-sale financial assets have been valued by the independent qualified professional valuer using the discounted cash flow method. This valuation requires to make estimate about discount rate and hence they are subject to uncertainty. The fair value of the unlisted investments as at 31 March 2014 was HK$14,766,000. Further details are included in note 20 to the consolidated financial statements.

5. CAPITAL RISK MANAGEMENT

The Group and the Company manage the capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The overall strategy of the Group remained unchanged from prior year.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider cost of capital and the risks associated with each class of capital. Based on the recommendation of the directors, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	The Group	
	2014	2013
	HK$'000	HK$'000
Financial assets		
AFS financial assets	**14,766**	–
Loans and receivables		
– Trade receivables	**2,400**	251,026
– Other receivables	**105**	8
– Loan receivables	**8,546**	2,888
– Bank deposits	**80,422**	–
– Bank balances and cash	**758**	16,100
– Assets classified as held for sale	**159,026**	–
	251,257	270,022
	266,023	270,022
Financial liabilities		
At amortised cost		
– Trade payables	**2,388**	–
– Other payables	**594**	16,901
– Liabilities directly associated with assets classified as held for sale (excluding income tax payable)	**16,683**	–
	19,665	16,901

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, loan receivables, bank deposits, bank balances and cash, trade and other payables, and amounts due from/to subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Foreign currency risk

A subsidiary of the Group has foreign currency sales and purchases and the Group has purchased available-for-sale financial assets which dominated in United States dollars ("USD") during the year. The Group is exposed to foreign currency risk arising mainly from the exposure of HK dollars against RMB and USD as the majority of the Group's financial assets and liabilities including deposits in banks, trade receivables, trade payables and AFS are denominated in RMB and USD.

The significant balance carried in the translation reserve account is occasioned by the translation of the financial statements of the Group's subsidiaries into the presentation currency of the consolidated financial statements of the Group at each reporting date.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		**Liabilities**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**83,389**	1,831	**19,302**	16,811
USD	**14,890**	–	**–**	–

The Group currently does not have a foreign currency hedging policy. However, the management will closely monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in RMB and USD.

Since HK$ is pegged to USD, relevant foreign currency risk is minimal. Accordingly, their fluctuation is excluded from the sensitivity analysis. The following table details the Group's sensitivity to a 5% (2013: 5%) increase or decrease in HK$ against RMB. 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. A positive number below indicates an increase in post-tax loss with a 5% weakening of HK$ (2013: 5%) against RMB. For a 5% (2013: 5%) strengthening of HK$ against RMB, there would be an equal and opposite impact on the post-tax loss, and the balances below would be negative.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Foreign currency risk *(Continued)*

Sensitivity analysis (Continued)

	Impact of RMB	
	2014	2013
	HK$'000	HK$'000
Loss for the year	**(3,024)**	749

The exposure of foreign currency risk increased during the current year mainly because of the increase in bank deposits denominated in RMB.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

Interest rate risk

The Group was exposed to fair value interest rate risk in relation to fixed-rate loan receivables and fixed rate bank deposits. Details of the loan receivables and bank deposits are disclosed in notes 23 and 24 respectively. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group's and the Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Since the Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets and liabilities except for the deposits in banks, details of which have been disclosed in note 24. The interest rate risk is considered to be insignificant.

Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts owing to the Group, resulting in a loss to the Group. The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations at end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The Company reviews the recoverable amount of amounts due from subsidiaries at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group has concentration of credit risk of approximately 99% (2013: 100%) on trade receivables due from the Group's customer in the PRC, Shenzhen Careall Capital Investment Co., Ltd. ("Careall Capital").

The Group's concentration of credit risk by geographical locations is in the PRC, which accounted for 100% (2013: 100%) of the total trade receivables as at 31 March 2014.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

6. FINANCIAL INSTRUMENTS *(Continued)*

6b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity risk tables

The Group

	Weighted average effective interest rate	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	More than 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31 March HK$'000
2014							
Non-derivative financial liabilities							
Trade and other payables	**–**	**2,982**	**–**	**–**	**–**	**2,982**	**2,982**
Liabilities directly associated with assets classified as held for sale	**–**	**16,683**	**–**	**–**	**–**	**16,683**	**16,683**
		19,665				**19,665**	**19,665**
2013							
Non-derivative financial liabilities							
Other payables	–	16,901	–	–	–	16,901	16,901
		16,901	–	–	–	16,901	16,901

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Fair value of the Group's financial instruments, including available-for-sale financial assets which is categorised into Level 3 of the fair value hierarchy was valued by the directors with the reference to a valuation report issued by Roma Appraisals Limited, an independent valuation firm.

	Fair value at 31 March	**Fair value measurement as at 31 March 2014 categorised into**		
	2014	Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
Available-for-sale financial assets	**14,766**	–	–	14,766

During the year ended 31 March 2014 and 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements.

	Valuation techniques	**Significant unobservable input**
Unlisted investments	Discounted cash flow method	Discount rate

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement *(Continued)*

(i) Financial instruments carried at fair value *(Continued)*

The fair value of available-for-sale financial assets is determined using discounted cash flow method and the significant unobservable input used in the fair value measurement is discount rate. As at 31 March 2014, it is estimated that with all other variables held constant, the carrying amount of available-for-sale financial assets would be decreased by approximately HK$491,000/increased by approximately HK$554,000 when the discount rate increased/decreased by 1%.

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 April	**–**	–
Acquisition of available-for-sale financial assets	**14,915**	–
Net loss arising on revaluation of available-for-sale financial assets recognised in other comprehensive income	**(149)**	–
At 31 March	**14,766**	–

(ii) Fair values of financial instruments carried at other than fair value

In respect of trade and other receivables, loan receivables, bank deposits, bank balances and cash, assets classified as held for sale, trade and other payables, liabilities directly associated with assets classified as held for sale, the carrying amounts approximate their fair value due to the relatively short-term nature of these financial instruments.

7. TURNOVER

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2014 HK$'000	2013 HK$'000
Management fee income *(Note)*	–	171,640
Less: PRC business tax and levies	–	(9,629)
	–	162,011
Technical advisory and marketing consultation fee income	6,388	–
Less: PRC business tax and levies	(362)	–
	6,026	162,011

Note:

For the year ended 31 March 2014, the Careall Capital did not generate any profit for the current relevant period. Hence, the Group will not receive any management fee income under the management agreement.

For the year ended 31 March 2013, due to fact that the guaranteed profit during the third relevant period is not met, the Careall Capital undertook to pay to the Group for the shortfall amount of approximately HK$171,640,000 for the management fee receivable.

8. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the board of directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focus on types of goods or services delivered or provided.

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

(a) Provision of management services

(b) Investment in financial and investment products

(c) Provision of technical advisory and marketing consultation services

8. SEGMENT INFORMATION *(Continued)*

Segment Revenue and Results

The followings is an analysis of the Group's revenue and results from continuing operations by reportable segments.

For the year ended 31 March

	Provision of management services		Investment in financial and investment products		Technical advisory and marketing consultation services		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
SEGMENT REVENUE								
External sales	**–**	162,011	**–**	–	**6,026**	–	**6,026**	162,011
SEGMENT RESULTS	**(44,673)**	(104,577)	**–**	–	**606**	–	**(44,067)**	(104,577)
Unallocated corporate income							**1,372**	1,690
Unallocated corporate expenses							**(16,209)**	(11,183)
Finance costs							**–**	(161)
Loss before taxation (continuing operations)							**(58,904)**	(114,231)

Segment revenue reported above represents revenue generated from external customer. There were no inter-segment sales in the current year (2013: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment loss represents the loss from each segment without allocation of central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION *(Continued)*

Segment Assets and Liabilities

As at 31 March

	Provision of management services		Investment in financial and investment products		Technical advisory and marketing consultation services		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
ASSETS								
Segment assets	**101,096**	395,789	**14,766**	–	**2,400**	–	**118,262**	395,789
Assets classified as held for sale	**159,026**	–	**–**	–	**–**	–	**159,026**	–
Unallocated segment assets							**107,289**	37,867
Consolidated assets							**384,577**	433,656
LIABILITIES								
Segment liabilities	**–**	16,683	**–**	–	**2,388**	–	**2,388**	16,683
Liability directly associated with asset classified as held for sale	**16,683**	–	**–**	–	**–**	–	**16,683**	–
Unallocated segment liabilities							**83,382**	75,016
Consolidated liabilities							**102,453**	91,699

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

- all assets are allocated to reportable segments, other than bank deposits, bank balances and cash, loan receivables and certain other receivables which are not able to be allocated into reportable segments.
- all liabilities are allocated to reportable segments, other than income tax payables and certain other payables which are not able to be allocated into reportable segments.

8. SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 March

	Provision of management services		Investment in financial and investment products		Technical advisory and marketing consultation services		Total	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
OTHER SEGMENT INFORMATION:								
Amounts included in the measure of segment profit or loss:								
Amortisation of intangible asset	**12,607**	32,713	**–**	–	**–**	–	**12,607**	32,713
Impairment loss on intangible asset	**32,059**	233,465	**–**	–	**–**	–	**32,059**	233,465
Impairment loss on trade receivables	**–**	396	**–**	–	**–**	–	**–**	396
Amounts regularly provided to the chief operation decision maker but not included in measurement of segment profit or loss:								
Interest income	**(1,244)**	–	**(114)**	(96)	**–**	–	**(1,358)**	(96)
Finance costs	**–**	161	**–**	–	**–**	–	**–**	161
Income tax expense	**–**	42,910	**–**	–	**21**	–	**21**	42,910

Geographical information

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location of the assets are disclosed below:

	Revenue from external customers		Non-current assets	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
The People's Republic of China (the "PRC")	**6,026**	162,011	**101,096**	144,764
Hong Kong	**–**	–	**144**	406
United States of America (the "USA")	**–**	–	**14,766**	–
	6,026	162,011	**116,006**	145,170

8. SEGMENT INFORMATION *(Continued)*

Information on major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group from continuing business is as follows:

	2014 **HK$'000**	2013 HK$'000
Customer A[1]	**–**	162,011
Customer B[2]	**3,744**	–
Customer C[2]	**2,282**	–

1 *Revenue from provision of management services*

2 *Revenue from technical advisory and marketing consultation services*

9. OTHER INCOME

	2014 **HK$'000**	2013 HK$'000
Continuing operations		
Interest income	**1,358**	96
Sundries	**14**	4
	1,372	100

10. OTHER GAINS AND LOSSES

	Note	**2014** **HK$'000**	2013 HK$'000
Continuing operations			
Gain on redemption of convertible bonds		**–**	1,590
Impairment loss on intangible asset	*19*	**(32,059)**	(233,465)
Impairment loss on trade receivables		**–**	(396)
Loss on disposal of property, plant and equipment		**(3)**	–
		(32,062)	(232,271)

11. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Imputed interest expenses on convertible bonds	–	144
Interest on borrowings	–	17
	–	161

12. INCOME TAX EXPENSE (RELATING TO CONTINUING OPERATIONS)

	2014 HK$'000	2013 HK$'000
PRC Enterprise Income Tax		
– Current	21	42,910
– Over provision in prior years	–	–
	21	42,910

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

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

	2014 HK$'000	2013 HK$000
Loss before taxation (from continuing operations)	(58,904)	(114,231)
Taxation at domestic income tax rate of 25% (2013: 25%)	(14,726)	(28,558)
Tax effect of expenses not deductible for tax purpose	14,678	72,655
Tax effect of income not taxable for tax purpose	(29)	(1,294)
Tax effect of deductible temporary differences not recognised	71	126
Utilisation of tax losses previously not recognised	–	(29)
Tax effect of tax losses not recognised	27	10
Tax expense for the year	21	42,910

At 31 March 2014, the Group had unused estimated tax losses of approximately HK$108,645,000 (2013: approximately HK$108,537,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

13. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

	2014	2013
	HK$'000	HK$000
Loss for the year from continuing operations has been arrived at after charging:		
Staff costs (including directors' emoluments)		
Salaries and allowances	**4,664**	3,623
Retirement benefits scheme contributions	**59**	52
	4,723	3,675
Amortisation of intangible asset (included in cost of sale)	**12,607**	32,713
Auditor's remuneration		
– audit services	**350**	350
– other services	**460**	–
Depreciation of property, plant and equipment	**302**	582
Operating lease charges in respect of rented premises	**2,147**	2,919

14. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2013: ten) directors, were as follows:

For the year ended 31 March 2014

Name of directors	**Fees HK$'000**	**Salaries and other benefits HK$'000**	**Retirement benefits scheme contributions HK$'000**	**Total HK$'000**
Executive directors:				
Mr. Yau Yan Ming Raymond	**–**	**675**	**15**	**690**
Mr. Zha Jian Ping	**–**	**636**	**–**	**636**
Mr. Ji Peng	**–**	**405**	**–**	**405**
Mr. Shi Yanmin	**–**	**600**	**–**	**600**
Non-executive directors:				
Ms. Qi Yue	**–**	**144**	**–**	**144**
Mr. Wang Chuntian[2]	**–**	**60**	**–**	**60**
Independent non-executive directors:				
Mr. Lam Tze Chung	**144**	**–**	**–**	**144**
Mr. Wu Ka Ho Stanley	**144**	**–**	**–**	**144**
Mr. Yue Laiqun	**144**	**–**	**–**	**144**
	432	**2,520**	**15**	**2,967**

14. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES *(Continued)*

(a) Directors' emoluments *(Continued)*

For the year ended 31 March 2013

Name of directors	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Yau Yan Ming Raymond	–	650	15	665
Mr. Wong Ka Chun Carson[1]	–	360	13	373
Mr. Zha Jian Ping	–	636	–	636
Mr. Ji Peng	–	201	–	201
Mr. Shi Yanmin	–	94	–	94
Non-executive directors:				
Ms. Qi Yue	–	268	–	268
Mr. Wang Chuntian[2]	–	16	–	16
Independent non-executive directors:				
Mr. Lam Tze Chung	144	–	–	144
Mr. Wu Ka Ho Stanley	144	–	–	144
Mr. Yue Laiqun	144	–	–	144
	432	2,225	28	2,685

1. Resigned on 4 February 2013
2. Retired on 28 August 2013

There was no arrangement under which directors waived or agreed to waive any emoluments during both years.

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

14. EMOLUMENTS FOR DIRECTORS AND EMPLOYEES *(Continued)*

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2013: four) were directors of the Company whose emoluments are included in the disclosures in note 14(a) above. The emoluments of the remaining one (2013: one) individual were as follows:

	2014 **HK$'000**	2013 HK$000
Salaries and allowances	**405**	364
Retirement benefits scheme contributions	**15**	15
	420	379

The emoluments were within the following bands:

	Number of employees	
	2014 **HK$'000**	2013 HK$000
Nil to HK$1,000,000	**1**	1

No emoluments have been paid by the Group to the directors of the Company or the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during the two years ended 31 March 2014 and 2013.

15. DISCONTINUED OPERATIONS

Disposal of ceramic sewage materials manufacturing and trading operations

On 9 December 2011, the board of directors announced that the Group entered into the sale and purchase agreement to dispose of 100% equity interest of Plenty One Limited and its subsidiary ("Plenty One"), which engaged in ceramic sewage materials manufacturing and trading operations, to an independent third party at the consideration of HK$6,500,000. The disposal was completed on 14 August 2012, on which date control of ceramic sewage materials manufacturing and trading operations passed to the acquirer.

The combined results up to the date of disposal from the discontinued operations (i.e. ceramic sewage materials business) included in the consolidated statement of profit or loss and other comprehensive income are set out below.

15. DISCONTINUED OPERATIONS *(Continued)*

Profit for the year from discontinued operations

	2014 HK$'000	2013 HK$000
Turnover	–	–
Cost of sales	–	–
Administrative expenses	–	(4)
Finance cost	–	–
	–	(4)
Gain on disposal of subsidiaries	–	13,705
	–	13,701
Profit attributable to non-controlling interests	–	–
Profit for the year from discontinued operations (attributable to owners of the Company)	–	13,701

16. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

17. LOSS PER SHARE

From continuing and discontinued operations

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

	2014	2013
	HK$'000	HK$000
Loss		
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	**(58,925)**	(143,440)
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,058,841**	866,584

The diluted loss per share for the continuing and discontinued operations is same as the basic loss per share for the continuing and discontinued operations as no potential ordinary shares outstanding in both years.

From continuing operations

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

Loss figures are calculated as follows:

	2014	2013
	HK$'000	HK$000
Loss for the year attributable to owners of the Company	**(58,925)**	(143,440)
Less: Profit for the year from discontinued operations	**–**	(13,701)
Loss for the purpose of basic loss per share from continuing operations	**(58,925)**	(157,141)

The denominators used are the same as those detailed above for basic loss per share and diluted loss per share for the continuing operations is same as the basic loss per share for the continuing operations as no potential ordinary shares outstanding in both years.

From discontinued operations

For the year ended 31 March 2014, the basic earnings per share for the discontinued operations is nil (2013: HK1.58 cents) per share and the diluted earnings per share are the same as basic earnings per share because the Company has no potential ordinary shares outstanding.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and office equipment HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST			
At 1 April 2012, 31 March 2013 and 1 April 2013	382	1,039	1,421
Additions	7	42	49
Disposals	(3)	(1,039)	(1,042)
At 31 March 2014	386	42	428
ACCUMULATED DEPRECIATION AND IMPAIRMENT			
At 1 April 2012	162	271	433
Depreciation provided for the year	63	519	582
At 31 March 2013 and 1 April 2013	225	790	1,015
Depreciation provided for the year	49	253	302
Eliminated on disposals	(1)	(1,032)	(1,033)
At 31 March 2014	273	11	284
NET CARRYING VALUES			
At 31 March 2014	113	31	144
At 31 March 2013	157	249	406

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture, fixtures and office equipment	5 years
Leasehold improvements	Over the shorter of lease term of lease and 5 years

19. INTANGIBLE ASSET

The Group

	Exclusive right	
	2014	2013
	HK$'000	HK$000
COST		
At 1 April	**1,014,083**	996,708
Exchange realignment	**6,171**	17,375
At 31 March	**1,020,254**	1,014,083
ACCUMULATED AMORTISATION AND IMPAIRMENT		
At 1 April	**869,319**	594,058
Provided for the year	**12,607**	32,713
Impairment loss recognised in the year	**32,059**	233,465
Exchange realignment	**5,173**	9,083
At 31 March	**919,158**	869,319
CARRYING VALUES		
At 31 March	**101,096**	144,764

The intangible asset represented the exclusive right derived from a management agreement ("Management Agreement") to receive management fee equivalent to 70% of the net profits of Careall Capital, a company established in the PRC and being an independent third party of the Group. The intangible asset is amortised on straight-line basis over its estimated useful lives.

The recoverable amount of the exclusive right has been determined on the basis of value-in-use calculation with reference to a valuation performed by an independent qualified valuer not connected to the Group. The value-in-use calculations were based on the cash flow projections of 11 years (2013: 12 years) approved by the management of the Company, a discount rate of 22.32% (2013: 19.02%) and the cash flows beyond the budget period have been extrapolated using a steady 3% (2013: 3%) growth rate. The cash flow projections are based on the budgeted sales and expected realisable profit during the budget period and the similar quality of new investments during the budget period. Expected cash inflows/outflows, which include those from budgeted sales of listed securities, cost of acquiring new investment portfolio and other direct costs have been determined based on past performance and management's expectations for the market development.

The directors of the Company are of the opinion that the recoverable amount is less than its respective carrying value as at 31 March 2014. Accordingly, an impairment loss of approximately HK$32,059,000 (2013: approximately HK$233,465,000) was recognised.

19. INTANGIBLE ASSET *(Continued)*

On 7 March 2014, a wholly owned subsidiary of the Company has entered into a supplementary agreement to revise the terms of Management Agreement (the "Amendment") to a sum of a management fee equivalent to 15% of the net profits of Careall Capital (the "Variable Management Fee") and a fixed annual management fee for the period from year 2013 to year 2024 (the "Fixed Management Fee"). The Amendment constitutes a major transaction under Chapter 19 of the GEM Listing Rules and subject to the conditions precedent in relation to the approval of the Stock Exchange of Hong Kong Limited and passing the resolution in an extraordinary general meeting. Hence, the directors of the Company had re-assessed the recoverable amount of intangible asset based on the amended terms of the supplementary agreement.

The recoverable amount of intangible asset represented from the supplementary agreement has been determined on the basis of value-in-use calculation with reference to a valuation performed by the same valuer. The value-in-use calculations were based on the discounting Fixed Management Fee indicated in the supplementary agreement with a discount rate of 6.55% plus the cash flow projections covering a 11-year period of Variable Management Fee approved by the management of the Company with a discount rate of 19.40% and the cash flows beyond the budget period have been extrapolated using a steady 3% growth rate. As at 31 March 2014, the recoverable amount of intangible asset represented from the supplementary agreement of approximately HK$101,533,000 which is greater than the existing carrying value and accordingly, no further impairment loss was required.

20. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of the Group's available-for-sale financial assets are as follows:

	2014	2013
	HK$'000	HK$000
Unlisted investments outside Hong Kong at fair value	**14,766**	–

The fair value of unlisted investments amounted to approximately HK$14,766,000 is determined based on the valuation prepared by the independent qualified professional valuer using inputs that are not observable in active market.

The above unlisted investments were the 10% of working interests of two drilling wells located in Calcasieu Parish and Lafourche Parish, State of Louisiana in United States indicated from the participation agreements signed with an independent, privately owned and operated oil and gas exploration company incorporated and based in Columbia, State of Mississippi in United States.

21. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

	The Company	
	2014	2013
	HK$'000	HK$000
Unlisted shares, at cost	**957,567**	957,567
Less: impairment loss recognised	**(663,273)**	(510,505)
	294,294	447,062
Amounts due from subsidiaries	**218,529**	211,909
Less: impairment loss recognised	**(212,458)**	(196,731)
	6,071	15,178

Amounts due from subsidiaries are unsecured, interest-free and are repayable on demand.

Amounts due to subsidiaries are unsecured, interest-free and are not repayable within one year.

21. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

(Continued)

Details of the Company's principal subsidiaries at 31 March 2014 and 2013 are as follows:

Name of subsidiary	Form of business structure	Place/country of incorporation/ operations	Issued and fully paid share capital	Attributable equity interest held by the Company				Principal activities
				Directly		Indirectly		
				2014	2013	**2014**	2013	
iMerchants Asia Limited	Incorporated	BVI/Hong Kong	Ordinary shares US$6,001,000	**100%**	100%	**–**	–	Investment holdings, investments in financial and investment products and technology investment
Shine Gain Holdings Limited	Incorporated	BVI/Hong Kong	Ordinary shares US$100	**100%**	100%	**–**	–	Investment holdings
Growwise Holdings Limited	Incorporated	BVI	Ordinary shares US$1	**100%**	100%	**–**	–	Investment holdings
Top Connect Holdings Limited	Incorporated	BVI	Ordinary shares US$1	**100%**	100%	**–**	–	Investment holdings
Supreme Luck International Limited	Incorporated	BVI/Hong Kong	Ordinary shares US$1	**–**	–	**100%**	100%	Investment holdings and provision of management services
Great Knight Limited	Incorporated	BVI	Ordinary shares US$1	**100%**	100%	**–**	–	Investment holdings
Shenzhen Huaya Energy Company Limited*	Incorporated	PRC	RMB1,000,000	**–**	–	**100%**	100%	Provision of management services
All Profit Limited	Incorporated	Hong Kong	Ordinary shares HK$1	**100%**	100%	**–**	–	Provision of administrative services
CEH Energy LLC	Incorporated	United States	Limited liability company	**–**	–	**100%**	–	Investments in financial and investment products

* *the English translation of the Chinese name is for identification purpose only*

21. INVESTMENTS IN SUBSIDIARIES/AMOUNTS DUE FROM/TO SUBSIDIARIES

(Continued)

Certain subsidiaries sustained losses this year and prior years which caused the Company to perform an assessment of the recoverable amounts of investments in subsidiaries and amounts due from subsidiaries. The estimates of recoverable amounts were based on the net assets of the subsidiaries, determined by reference to the financial performance and financial position of the subsidiaries.

Based on this assessment, impairment loss of investments in subsidiaries and amounts due from subsidiaries amounted to HK$152,768,000 and HK$15,727,000 (2013: HK$126,344,000 and HK$9,005,000) were recognised respectively in the profit or loss for the year and the carrying amount of the investments in subsidiaries and amounts due from subsidiaries were written down by HK$663,273,000 and HK$212,458,000 (2013: HK$510,505,000 and HK$196,731,000) respectively at the end of the reporting period.

None of the subsidiaries had any debt securities outstanding at the end of the both years or at any time during both years.

22. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables *(see note 22(a))*	**2,400**	251,422	**–**	–
Less: Impairment loss recognised	**–**	(396)	**–**	–
	2,400	251,026	**–**	–
Investment deposits *(see note 22(b))*	**16,058**	16,250	**5,000**	16,250
Other receivables	**105**	8	**–**	8
Prepayments and deposits	**1,256**	2,214	**–**	–
	19,819	269,498	**5,000**	16,258

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables

Management fee receivables, technical advisory and marketing consultation fee receivables are due upon the presentation of invoices and the Group allows 180 days credit to its customers.

The following is an aging analysis of the trade receivables presented based on the invoice date net of impairment loss at the end of the reporting period:

	The Group	
	2014	2013
	HK$'000	HK$000
Within 180 days	**2,400**	–
181 to 365 days	**–**	171,244
Over 365 days	**–**	79,782
	2,400	251,026

At 31 March 2014 and 2013, the aging analysis of trade receivables that were past due but not impaired are as follows:

	Total	**Neither past due nor impaired**	**Past due but not impaired**
	HK$'000	HK$'000	HK$000
2014	**2,400**	**2,400**	**–**
2013	251,026	–	251,026

The movements in impairment loss of trade receivables were as follows:

	The Group	
	2014	2013
	HK$'000	HK$000
Balance at beginning of the year	**396**	–
Recognised during the year	**–**	396
Elimination on reclassification as held for sale	**(396)**	–
Balance at end of the year	**–**	396

The Group closely monitors the credit status and periodically reviewed the credit limits of the customers in accordance with the Group's credit policy.

22. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Investment deposits

As at 31 March 2014, the investment deposits consist of a refundable deposit of HK$5,000,000 for the acquisition of 51% interest in Careall International Energy Holding Company Limited and its target company which engaged in the business of exploring, developing, producing and acquiring natural oil and gas properties in the Republic of Kazakhstan. Further details are set out in the announcement of the Company dated 20 January 2014.

Another refundable deposits of approximately HK$11,058,000 (equivalent to RMB8,800,000) is the investment deposit which paid by the Group to an independent third party during the year, and the Group has the right to perform due diligence and investigative studies on the potential investment projects related to the technical support and consulting services on the exploration and development on the coal, natural gas and clean energy business in the PRC before making any investment decision. The investment deposit will be refunded at the end of this year if no satisfactory results could been obtained after the investigation.

23. LOAN RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loan receivables	**8,350**	2,800	**2,800**	2,800
Loan interest receivables	**196**	88	**28**	–
	8,546	2,888	**2,828**	2,800

Included in loan receivables were amounts advanced to two independent third parties, amounting to HK$2,800,000 and HK$5,550,000 respectively and the loan interest receivables amounting to approximately HK$196,000 in aggregate. The loan receivables are unsecured, with interest-bearing at 1% per annum and repayable within one year.

24. BANK DEPOSITS, BANK BALANCES AND CASH

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank balances and cash	**758**	16,100	**72**	22
Fixed deposits with banks with a term between 4 to 12 months	**80,422**	–	**–**	–
	81,180	16,100	**72**	22

Bank deposits carry interest at approximately 3% per annum. Bank balances and cash carrying interest at approximately ranging from 0% to 0.35% (2013: 0% to 0.35%) per annum.

25. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

On 20 June 2013, the Company announced the decision of its board of directors to dispose of Supreme Luck International Limited ("**Supreme Luck**") at the consideration of HK$68,000,000. As at 31 March 2014, final negotiations for the sale were in progress and Supreme Luck was classified as a disposal group held for sale. A deposit of HK$8,000,000 had been paid by the purchaser during the year and represented as deposit received as set out in the consolidated statement of financial position. Subsequent to the reporting period, the additional deposits of HK$40,000,000 had been received and the directors of the Company are of the opinion that the remaining consideration of HK$20,000,000 would be settled on or before 30 June 2014. Further details are set out in the announcement of the Company dated 6 June 2014.

The assets and liabilities that classified as held for sale in 2014 (relating to the assets and liabilities of provision of management services operation) were as follows:

	2014 HK$'000	2013 HK$000
Assets related to provision of management services business	**159,026**	–
Liabilities directly associated with assets classified as held for sale	**(91,026)**	–

	2014 HK$'000	2013 HK$000
Trade receivables	**159,026**	–
Assets classified as held for sale	**159,026**	–
Other payables	**16,683**	–
Income tax payable	**74,343**	–
Liabilities directly associated with asset classified as held for sale	**91,026**	–
Net assets of management services business	**68,000**	–

26. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**2,388**	–	**–**	–
Other payables and accruals	**1,030**	673	**350**	353
PRC business tax and levies payable	**–**	16,683	**–**	–
	3,418	17,356	**350**	353

The credit periods granted by suppliers are generally 90 days.

Aging analysis of the trade payables is as follows:

	The Group	
	2014	2013
	HK$'000	HK$000
Within 90 days	**2,388**	–
91 to 180 days	**–**	–
Over 180 days	**–**	–
	2,388	–

27. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Maximum number of shares can be issued			
At 1 April 2012, ordinary shares of HK$0.04 each		30,000,000	1,200,000
Capital reduction	*(a)*	–	(1,080,000)
Share consolidation	*(a)*	(28,800,000)	–
Increase in authorised capital	*(b)*	8,800,000	880,000
At 31 March 2013 and 1 April 2013, ordinary shares of HK$0.1 each		10,000,000	1,000,000
At 31 March 2014	*(d)*	N/A	N/A
Issued and fully paid			
At 1 April 2012, ordinary shares of HK$0.04 each		19,081,275	763,251
Capital reduction	*(a)*	–	(686,926)
Share consolidation	*(a)*	(18,318,024)	–
Issue of shares by placing for cash	*(c)*	295,590	29,559
At 31 March 2013 and 1 April 2013, ordinary shares of HK$0.1 each		1,058,841	105,884
Transfer from the share premium, capital redemption reserve and special capital reserve	*(e)*	–	445,022
At 31 March 2014, ordinary shares with no par value		1,058,841	550,906

Notes:

(a) On 26 June 2012, the special resolution for capital reduction, the confirming order and the minutes in relation thereto were submitted for registration with the Companies Registrar and on 29 June 2012, the Companies Registrar confirmed to the Company that the abovementioned documents were duly registered with effect from 26 June 2012. As a result, the effective date of the capital reduction falls on 26 June 2012 and the par value of each issued share of HK$0.04 to be reduced to HK$0.004. The credit arising from such reduction was applied towards cancelling the accumulated deficit of approximately HK$347,644,000 of the Company with the balance of approximately HK$339,282,000 to be transferred to the share premium account of the Company. After the capital reduction becoming effective from 26 June 2012, every twenty-five issued shares of HK$0.004 each was consolidated into one consolidated share of HK$0.10 each with effect from 12 July 2012.

(b) On 12 July 2012, the authorised share capital have been increased by 8,800,000,000 new shares of HK$0.1 each.

(c) The Company has issued and allotted 145,590,000 new shares of HK$0.10 each at HK$0.11 per share and 150,000,000 new shares of HK$0.10 each at HK$0.171 by placing on 21 August 2012 and 25 February 2013 respectively.

(d) The Company has no authorised share capital and its shares have no par value from the commencement date of the new Hong Kong Companies Ordinance (i.e. 3 March 2014).

(e) The new Company Ordinance (Cap. 622) ("**new CO**") abolishes authorised share capital, par value, share premium, capital redemption reserve and special capital reserve, in respect of the share capital of Hong Kong companies. As a result, the amounts of share premium, capital redemption reserve and special capital reserve of the Company are transferred to the share capital.

28. RESERVES

The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Special capital reserve HK$'000	Equity component of convertible bonds HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2012	30,090	3,297	31,104	60,592	3,362	(461,045)	(332,600)
Total comprehensive expenses for the year	–	–	–	–	–	(136,943)	(136,943)
Transfer to share premium	686,926	–	–	–	–	–	686,926
Elimination of accumulated losses as at 31 March 2012 against share premium	(347,644)	–	–	–	–	347,644	–
Issue of shares by placing	12,106	–	–	–	–	–	12,106
Transaction costs attributable to issue of shares by placing	(345)	–	–	–	–	–	(345)
Redemption of convertible bonds	–	–	–	–	(3,362)	–	(3,362)
At 31 March 2013	**381,133**	**3,297**	**31,104**	**60,592**	**–**	**(250,344)**	**225,782**
Total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**–**	**(173,052)**	**(173,052)**
Transfer to share capital	**(381,133)**	**(3,297)**	**–**	**(60,592)**	**–**	**–**	**(445,022)**
At 31 March 2014	**–**	**–**	**31,104**	**–**	**–**	**(423,396)**	**(392,292)**

The contributed surplus of the Company represents the difference between the net assets of the subsidiaries acquired by the Company and the nominal value of the Company's shares issued for the acquisition in March 2000 less the premium arising on repurchase of shares and amount transferred to the capital redemption reserve.

Under the Hong Kong Companies Ordinance, the contributed surplus of the Company is available for distribution if:

(1) at the time the distribution is made, the amount of its net assets is not less than the aggregate of its called up share capital and undistributable reserves; and

(2) the distribution does not reduce the amount of its net assets to less than the aggregate of its called up share capital and undistributable reserves.

In the opinion of the directors of the Company, at 31 March 2014, no reserves available for distribution to shareholders pursuant to the Hong Kong Companies Ordinance (2013: Nil).

29. SHARE OPTION SCHEMES

2011 Share Option Scheme

Under the 2011 Share Option Scheme, the board of directors of the Company may grant share options at a consideration of HK$10 for each lot of share option granted to:

(a) employees of the Group; or

(b) directors (including any executive, non-executive and independent non-executive directors (where applicable)) of the Company; or

(c) substantial shareholders of each member of the Company; and

(d) any advisers, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers of any member of the Group (together, the "Participants" and each, a "Participant").

The purpose of the 2011 Share Option Scheme is to provide the people and the parties working for the interests of the Company with an opportunity to obtain an equity interest in the Company, thus linking their interest with the interests of the Company and thereby providing them with an incentive to work better for the interests of the Company.

An option may be exercised in whole or in part in accordance with the terms of the 2011 Share Option Scheme at any time during a period to be notified by the Board to each grantee provided that the period within which the shares may be taken up under the option must not be more than 10 years from the date of offer of the option. The subscription price will not be less than the highest of the following:

(a) the closing price of shares as stated in the Stock Exchange's daily quotations sheet on the date of offer of an option which must be a business day;

(b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheet for the five consecutive business days immediately preceding the date of offer; and

(c) the nominal value of the share.

The maximum number of shares which may be issued under the 2011 Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the total number of shares in issue from time to time. No option may be granted under the 2011 Share Option Scheme or any other share option schemes if this will result in the said limit being exceeded.

29. SHARE OPTION SCHEMES *(Continued)*

2011 Share Option Scheme *(Continued)*

The Company may seek approval of its shareholders in general meeting to renew the Scheme Mandate Limit provided that the total number of shares in respect of which options may be granted under the 2011 Share Option Scheme and any other share option schemes of the Company shall not exceed 10% (the "Renewal Limit") of the issued share capital of the Company at the date of approval to renew such limit. The 2011 Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the 2011 Share Option Scheme or exercised options) shall not be counted for the purpose of calculating the Renewal Limit.

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted pursuant to the 2011 Share Option Scheme and any other share option schemes of the Company to each Participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of shares in issue (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be subject to the approval of the shareholders in general meeting at which such Participant and his associates must abstain from voting.

The 2011 Share Option Scheme will expire on 11 December 2021.

There has been no option outstanding under 2011 Share Option Scheme as at 31 March 2014 and 2013.

30. OPERATING LEASE COMMITMENTS

The Group leases certain of its office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to two years. Rental was fixed at the inception of the lease.

At the end of the reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	The Group	
	2014	2013
	HK$'000	HK$000
Within one year	**1,695**	1,378
In the second to fifth years inclusive	**845**	–
	2,540	1,378

31. CAPITAL COMMITMENTS

	The Group	
	2014	2013
	HK$'000	HK$000
Capital commitments in respect of available-for-sale financial assets	**1,840**	–

32. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme ("**MPF Scheme**") for all qualified employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at the rate specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. At the end of the reporting period, no forfeited contribution was available to reduce the contribution payable of future years.

The employees of the Company's subsidiary in the PRC are members of the pension schemes operated by the government of the PRC. The Company's subsidiary in the PRC is required to contribute a certain percentage of the relevant portion of these employees' basic salaries to the pension to fund the benefits. The only obligation of the Company's subsidiary in the PRC with respect to the pension scheme is the required contributions under the pension scheme.

The retirement benefits costs charged to the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$59,000 (2013: approximately HK$52,000). The retirement benefits costs charged to consolidated statements of comprehensive income represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

33. RELATED PARTY DISCLOSURES

During the year, the Group had a transaction with a related party. The details of the transactions with the related party are as follows:

(a) Transactions with/amount due from a related party

On 21 January 2014, the Company entered into a sale and purchase agreement with Mr. Shi Yanmin being the Chairman and an executive director of the Company and Mr. Zhao Jiangtao (the "**Vendors**"). Pursuant to the sale and purchase agreement, the Company is going to acquire 51% interest in Careall International Energy Holding Company Limited and its target Company which carries on natural oil related business with proposed aggregate consideration of US$10,200,000. A refundable deposit of HK$5,000,000 has been paid by the Company to the Vendors for the acquisition.

For the year ended 31 March 2014, the amount due from a related party amounted to HK$5,000,000 is included in "investment deposits" and interest free and secured by personal guarantee by the Vendors.

(b) Compensation of key management personnel

The emoluments of directors and other members of key management of the Company during the year are disclosed in note 14 above.

34. EVENTS AFTER THE REPORTING PERIOD

On 7 March 2014, the Group signed the supplementary agreement with Careall Capital, to amend the terms of the management fee income (the "Amendment"). The Amendment constitutes a major transaction under Chapter 19 of the GEM Listing Rules and subject to the conditions precedent in relation to the approval of the Stock Exchange and passing the resolution in the extraordinary general meeting. The Amendment is in the progress of obtaining the approval from the Stock Exchange and the directors of the Company are of the opinion that the Amendment would be completed and become effective within this year.

FINANCIAL SUMMARY

For the year ended 31 March 2014

RESULTS

	Year ended 31 March				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Continuing operations					
Turnover	8,595	109,008	118,292	162,011	**6,026**
Cost of sales	(29,637)	(62,875)	(43,806)	(32,713)	**(18,027)**
Gross profit (loss)	(21,042)	46,133	74,486	129,298	**(12,001)**
Other operating income	2,115	3,243	29,591	1,690	**1,372**
Impairment loss on intangible asset	–	(271,168)	(175,799)	(233,465)	**(32,059)**
Administrative expenses	(12,177)	(9,936)	(23,179)	(11,197)	**(16,213)**
Other expenses	(55,739)	(40,752)	(1,607)	(396)	**(3)**
Loss from operations	(86,843)	(272,480)	(96,508)	(114,070)	**(58,904)**
Finance costs	(5,923)	(13,666)	(7,073)	(161)	**–**
Loss before taxation	(92,766)	(286,146)	(103,581)	(114,231)	**(58,904)**
Income tax expense	(390)	(28,397)	(13,954)	(42,910)	**(21)**
Loss for the year from continuing operations	(93,156)	(314,543)	(117,535)	(157,141)	**(58,925)**
Discontinued operations					
(Loss) profit before taxation from discontinued operations	–	(2,660)	(8,002)	13,701	**–**
Income tax expense	–	(99)	–	–	**–**
(Loss) profit for the year from discontinued operations	–	(2,759)	(8,002)	13,701	**(58,925)**
	(93,156)	(317,302)	(125,537)	(143,440)	**(58,925)**
Attributed to:					
– Owners of the Company	(92,503)	(316,804)	(125,487)	(143,440)	**(58,925)**
– Non-controlling interests	(653)	(498)	(50)	–	**–**
Net loss for the year	(93,156)	(317,302)	(125,537)	(143,440)	**(58,925)**

FINANCIAL SUMMARY

For the year ended 31 March 2014

ASSETS AND LIABILITIES

	Year ended 31 March				
	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Total assets	986,247	752,293	503,873	433,656	**384,577**
Total liabilities	(132,545)	(146,514)	(64,891)	(91,699)	**(102,453)**
Net assets	853,702	605,779	438,982	341,957	**282,124**
Equity attributable to equity holders of the Company	853,191	605,752	438,987	341,957	**282,124**
Non-controlling interests	511	27	(5)	–	**–**
	853,702	605,779	438,982	341,957	**282,124**