Chinese Energy Holdings Limited

(Incorporated in Hong Kong with limited liability)
Stock Code : 8009

Annual Report

2015

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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. Zha Jian Ping
(Chairman and Chief Executive Officer)
Mr. Yau Yan Ming Raymond
Mr. Lu Lin Yu
Mr. Cai Da
Ms. Wu Hong Ying

Independent Non-executive Directors

Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Qian Fengjun

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. Qian Fengjun

NOMINATION COMMITTEE

Mr. Qian Fengjun *(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. Qian Fengjun
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

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,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Chinese Energy Holdings Limited ("**Chinese Energy**" or the "**Company**"), I am pleased to present the audited annual results of Chinese Energy and its subsidiaries (collectively, the "**Group**") for the year ended 31 March 2015.

FINAL RESULTS

During the year, turnover of the Group for the year ended 31 March 2015 was approximately HK$417,129,000 (2014: approximately HK$6,026,000), representing an increase of 6,822% as compared with last year and the consolidated gross profit of the Group for the year ended 31 March 2015 was approximately HK$21,867,000 (2014: gross loss of approximately HK$12,001,000). The loss attributable to owners of the company was decreased by 87.5% from approximately HK$58,925,000 for the year ended 31 March 2014 to approximately HK$7,394,000 for the year ended 31 March 2015. The decrease in loss is mainly due to the increase in income from all business segments; gain on revaluation of financial assets and decrease in impairment loss. No final dividend was recommended for the year (2014: Nil).

PROSPECT

The Company will raise gross proceeds of approximately HK$162 million, before expenses, by way of Open Offer of 1,080,010,750 Offer Shares of the Company and the estimated net proceeds from the Open Offer will be approximately HK$156.9 million. The price per Offer Share net of expenses is approximately HK$0.145. The Company intends to use the net proceeds for future investment in liquefied natural gas and general working capital respectively.

During the operation of the new import and trading of oil and gas related products business, the Group has gradually built up the relevant suppliers and clientele network. The Group is of the view to devote more financial resources for the Company to procure additional and/or larger orders and to procure more customers, and to expand its business into the LNG segment. The Company has discovered business opportunities in the industry of import and export trading of oil and gas related products and the fringe business of this industry including but not limited to LNG distribution and logistics. Natural gas is considered as an economic, efficient and clean energy source when compared to the convention energy sources such as coal and crude oil. LNG is natural gas in a liquid form and will return to gas in a regasification facility. The PRC government has issued the "12th Five-Year Plan for Energy Saving and Environmental Protection Industry"*("十二五"節能環保產業發展規劃) in 2012, which encouraged environmental protection and energy conservation. In April 2014, the Ministry of Industry and Information Technology of the PRC has issued an announcement in relation to the abolishment of State-III emissions standards-compliant diesel vehicles* (第三階段汽車排放標準柴油車) by 31 December 2014. Starting from 1 January 2015, no State-III emissions standards-compliant diesel vehicles would be sold in the PRC. The governmental support in the PRC to promote the use of LNG in place of coal and other conventional energy sources has spiked the demand for LNG in the PRC. As a result, the demand of LNG-driven vehicles is expected to increase and the Company is optimistic about the prospects of the LNG industry in the PRC. LNG has several advantages. Rural towns and regions may be located far away from gas resources, transporting gas by pipeline to those areas can be costly and impractical. Because LNG is easy to transport, it can be made more accessible and more economically viable to those areas in which the construction of long-distance pipelines is uneconomical. LNG must be stored in double insulated vacuum tanks with specific cooling and pressure requirements, which require significant up-front investments. Hence, the Company will obtain adequate funding to seize any investment opportunities in these areas along with stronger financial position to expand the import and export trading of oil and gas related products business.

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

CHAIRMAN'S STATEMENT

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.

Zha Jian Ping
Chairman
22 June 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Provision of management services

During the year ended 31 March 2015, approximately HK$18,812,000 (2014: Nil) of the Group's turnover comes from the management fee under the management agreement between Shenzhen Hua Ya Energy Company Limited ("**Shenzhen Hua Ya**") and Shenzhen Careall Capital Investment Co., Ltd.* ("**Careall Capital**") ("**Management Agreement**"). During the fifth relevant period of the Management Agreement, Careall Capital has remunerated the Group a management fee of approximately RMB10,000,000 as compared to nil for the year ended 2014. On 7 March 2014, Shenzhen Hua Ya has entered into a supplementary agreement to revise the terms of Management Agreement ("**Amendment**") to whereby the Group will be remunerated by a sum of a management fee equivalent to 15% of the net profits of Careall Capital ("**Variable Management Fee**") and a fixed annual management fee of RMB137,000,000 for the period from year 2013 to year 2024 ("**Fixed Management Fee**") ("**Amendment Agreement**"). The Amendment constitutes a major transaction under Chapter 19 of the GEM Listing Rules and approved by the Stock Exchange and passed in the resolution in an extraordinary general meeting. The Group is able to recognise income from this segment according to the payment schedule of the Amendment.

Investment in financial assets

For the year ended 31 March 2015, the Company has invested in financial assets classified as available-for-sale financial assets and financial assets at fair value through profit or loss, which are valued approximately HK$5,304,000 (2014: approximately HK$14,766,000) and HK$100,158,000 (2014: Nil) respectively. The fair value of available-for-sale ("**AFS**") financial assets amounted to approximately HK$5,304,000 is determined based on valuation prepared by the independent qualified professional valuer. The impairment loss and the loss arising on revaluation of AFS financial assets are approximately HK$7,690,000 (2014: Nil) and HK$1,092,000 (2014: approximately HK$829,000) respectively for the year. The net realised loss on disposal of financial assets at fair value through profit or loss for the year was approximately HK$3,388,000 (2014: Nil) and the net gain arising on revaluation of financial assets at fair value through profit or loss was approximately HK$30,617,000 (2014: Nil). Financial assets at fair value through profit or loss composed of shares of companies listed on the Hong Kong Stock Exchange and unlisted investment fund.

General Trading

The general trading segment of the Group was commenced since last year which accounted for approximately HK$397,799,000 as compared to the entire revenue of approximately HK$6,026,000 for the Group during the previous year. During the year under review, the Group has continued to extend the business network which accumulated throughout the years while reviewing business for investments. The Group will continue to strive to increase the market share of this segment in the future.

Provision of Factoring Services

The provision of factoring services business was commenced during the fourth quarter of the current year with a turnover of approximately HK$518,000 (2014: Nil). The result for this segment was approximately HK$518,000 (2014: Nil). The Group will continue to explore further potential business development.

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OUTLOOK AND MAJOR EVENTS DURING THE YEAR UNDER REVIEW

Termination of Acquisition agreement 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 had 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).

As announced by the Company on 30 June 2014, the Company was informed by the vendor that the independent third party financial institution that had financed the target company's acquisition of the project company had notified the target company of its proposed renegotiations of its financing terms given that the acquisition had not completed after a lengthy period of time. The vendor had informed the Company that the third party financial institution not agreeing to further extend its facility to the target company as the anticipated completion of the acquisition was uncertain and not imminent. Accordingly, the vendor and the Company had agreed to terminate the acquisition agreement with immediate effect.

For details, please refer to the announcement of the Company dated 20 January 2014, 31 March 2014, 29 May 2014 and 9 July 2014.

Amendment of New Management Agreement

On 7 March 2014, Shenzhen Hua Ya, a wholly owned subsidiary of the Company, and Careall Capital among other parties entered into an Amendment Agreement 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. Such amendment was put forward as an ordinary resolution at the extraordinary general meeting (the "**EGM**") and was duly passed by the shareholders by way of poll at the EGM held on 10 October 2014. The new annual management fee, which consisted of a fixed management 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 after arm's length negotiations between the parties to the Amendment Agreement.

For details, please refer to the announcement of the company dated 7 March 2014 and 10 October 2014 and circular dated 23 September 2014.

Placing of New Shares Under General Mandate

On 1 August 2014, the Company and the placing agent entered into the placing agreement, whereby the Company had conditionally agreed to place, through the placing agent, on a best effort basis, of up to 211,760,000 placing shares to currently expected not less than six placees who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK$0.18 per placing share.

On 15 August 2014, 211,760,000 placing shares had been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.18 per placing share pursuant to the terms and conditions of the placing agreement.

Open Offer on the Basis of One Offer Share for Every Two Existing Shares and Change in Board Lot Size

Open offer on the basis of one offer share for every two existing shares

On 1 August 2014, the Company announced that it proposed to raise approximately HK$63.5 million before expenses by issuing 635,300,500 offer shares at the subscription price of HK$0.10 per offer share on the basis of one (1) offer share for every two (2) existing shares held on the record date and payable in full upon application. On 15 August 2014, the placing was completed and a total of 211,760,000 new shares were placed out under the placing. Accordingly the issued share capital of the Company as at the date after the issue of the placing shares was 1,270,601,000 shares.

On Friday, 26 September 2014, being the latest time for acceptance of and payment for the open offer, 15 valid acceptances of the provisional allotment of open offer in respect of a total of 540,985,629 offer shares were received, which represented approximately 85.15% of the total 635,300,500 offer shares available for subscription under the open offer. Based on the above results, the open offer was under-subscribed by 94,314,871 offer shares, representing approximately 14.85% of the total number of offer shares available under the open offer. In accordance with the terms of the underwriting agreement, the underwriter, Kingston Securities Limited, had procured subscribers to subscribe for, and the subscribers had agreed to subscribe 94,314,871 offer shares, which had not been taken up by the qualifying shareholders. The Company's issued share is 1,905,901,500 shares as enlarged by the allotment and issue of the 211,760,000 placing shares and the 635,300,500 offer shares immediately after completion of the open offer.

Change of board lot size

Prior to 19 August 2014, the shares were traded in board lots of 10,000 shares. In order to increase the value of each board lot of the shares, as well as to reduce transaction and registration costs incurred by the shareholders and investors of the Company, the Board proposed to change the board lot size for trading of the shares from 10,000 shares to 20,000 shares with effect from 19 August 2014.

For details, please refer to the announcement of the Company dated 1 August 2014, 15 August 2014, 28 August 2014 and 8 October 2014 and the listing documents of the Company dated 12 September 2014.

The Equity Transfer of the Entire Equity Interest in Shenzhen Fuhui Commercial Factoring Company Limited* ("Shenzhen Fuhui")

On 17 November 2014, the purchaser, Shenzhen Hua Ya and the vendor, Shenzhen Qianhai Huiling Asset Management Company Limited, entered into the equity transfer agreement, pursuant to which the purchaser had agreed to acquire and the vendor had agreed to sell the sale interest, representing the entire registered capital of the Shenzhen Fuhui at the consideration of RMB50,000,001 (equivalent to approximately HK$63,500,001.27) that comprised of the payment of RMB1 (equivalent to approximately HK$1.27) in cash and the assumption of the obligation to make capital contribution of RMB50 million (equivalent to approximately HK$63,500,000). The equity transfer would allow the Company to tap into the factoring market in the PRC. The Directors considered that the equity transfer would provide new momentum to the Group's future development through diversification of its business.

For details, please refer to the announcement of the Company dated 17 November 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Placing of New Shares Under General Mangate

On 13 January 2015, the Company and the placing agent entered into the placing agreement, whereby the Company agreed to place through the placing agent, 254,120,000 placing shares to currently expected not less than six placees who and whose ultimate beneficial owners shall be independent third parties at the placing price of HK$0.12 per placing share.

For details, please refer to the announcement of the Company dated 13 January and 29 January 2015.

Share Consolidation and Open Offer on the Basis of One Offer Share for Every One Consolidated Share

Share consolidation

The Company implements the Share Consolidation of every two issued Shares in the share capital of the Company into one Consolidated Share each. The proposed Share Consolidation will reduce the total number of Shares currently in issue. It is expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction costs. Accordingly, the Directors are of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Open offer on the basis of one offer shares for every one consolidated share

Subject to the Share Consolidation becoming effective, the Company intended to raise approximately HK$162 million, before expenses, by way of an Open Offer of 1,080,010,750 Offer Shares, at the Subscription Price of HK$0.15 per Offer Share on the basis of one Offer Share for every one Consolidated Share in issue on the Record Date. The Open Offer will be available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Based on 1,080,010,750 Offer Shares, the estimated net proceeds from the Open Offer will be approximately HK$156.9 million. The Company intends to use the net proceeds for future investment in trading of liquefied natural gas business and for general working capital use of the Group.

The Open Offer is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 11.23 of the GEM Listing Rules. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a fully underwritten basis, the Offer Shares subject to the terms and conditions of the Underwriting Agreement.

For details and capitalised terms, please refer to the announcement of the Company dated 24 March 2015, 19 June 2015 and the circular of the Company dated 2 June 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group had cash and cash equivalents with bank deposit of approximately HK$17,755,000 as at 31 March 2015 (2014: approximately HK$81,180,000) and maintain a sturdy financial situation with current assets totaling approximately HK$337,431,000 for the year ended 31 March 2015 (2014: approximately HK$268,571,000). The Group had no borrowings in both years.

Investment

As at 31 March 2015, the Group had investment classified as available-for-sale financial assets of approximately HK$5,304,000 (2014: HK$14,766,000). The Group also has financial assets at fair value through profit or loss of approximately HK$100,158,000 (2014: Nil) The management will take a cautious and prudent approach in implementing our strategies in the future.

Revenue, Gross Profit and Administrative Expenses

For the year ended 31 March 2015, the Group's turnover was approximately HK$417,129,000 which was comprised of revenue from management services, general trading and factoring services as compared to approximately HK$6,026,000 for the year ended 31 March 2014 from general trading. The gross profit for the Group was approximately HK$21,867,000 (2014: gross loss of approximately HK$12,001,000). The Group generated a net loss attributable to owners of the Company of approximately HK$7,394,000 for the year ended 31 March 2015, compared to a net loss attributable to owners of the Company of approximately HK$58,925,000 for the year ended 31 March 2014. The loss mainly arose from impairment loss on intangible assets with an amount of approximately HK$22,263,000 (2014: approximately HK$32,059,000). Cost of sale incurred by the Group for the year ended 31 March 2015 amounted to approximately HK$395,262,000 (2014: approximately HK$18,027,000), which approximately HK$9,574,000 represents the amortisation of an intangible asset (2014: approximately HK$12,607,000). Administrative expenses for the year ended 31 March 2015 was approximately HK$23,915,000 (2014: approximately HK$16,213,000). This included lease charges of approximately HK$2,044,000 (2014: approximately HK$2,147,000), staff cost of approximately HK$5,254,000 (2014: HK$4,723,000). The Group has an other gain from revaluation of financial assets of approximately HK$30,617,000 (2014: Nil).

Gearing Ratio and Current Ratio

No gearing ratio was calculated on the basis of borrowing to total equity as the Group has no debt in both years. The Group has current ratio of 50.1 times (2014: 2.62 times).

Credit Risk

The Group has concentration of credit risk as 38% (2014: 100%) and 95% (2014: 100%) of the total trade receivables due from the Group's largest customer and the five largest customers respectively, and by geographical locations in the PRC, which accounted for 80% (2014: 100%) at the trade receivables as at 31 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Use of Proceeds

Date of announcement	Fund raising activities	Net proceeds raised and intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
13 January 2015	Placing of new shares under general mandate	Approximately HK$29.6 million is intended to be used for the Group's future investment purposes and general working capital	Approximately HK$29 million was used for investment in securities; and the remaining of approximately HK$0.6 million was placed at an account pending for intended use
1 August 2014	(1) Placing of 211,760,000 new shares under general mandate	Approximately HK$37.1 million as to: (a) approximately HK$19.7 million for the Group's general working capital; and (b) approximately HK$17.4 million for investing in oil and gas exploration business.	(a) Approximately HK$19.7 million was used for general working capital, which was allocated as to HK$10 million for investment in securities and approximately HK$9.7 million for investment in financial products; and (b) approximately HK$17.4 million remained unused and will be used for general trading business.
	(2) Open offer on the basis of one offer share for every two shares held	Approximately HK$61.4 million as to (a) approximately 33% (equivalent to approximately HK$20.3 million) for capital investment in Shenzhen Hua Ya; and (b) approximately 67% (equivalent to approximately HK$41.1 million) investing in general trading business. *Note*	(a) Approximately HK$21.3 million was used in capital investment for commercial factoring business; and (b) HK$40.1 million was used for general trading business. *Note*

MANAGEMENT DISCUSSION AND ANALYSIS

Note:

As set out in the prospectus of the Company dated 12 September 2014, the Company elaborated that the intended use of proceeds from the open offer of approximately HK$61.4 million would be used as to: (a) approximately HK$20.3 million for capital injection in Shenzhen Hua Ya to expand its business in the PRC; and (b) approximately HK$41.1 million in general trading business. Subsequently, as the Company has identified another business opportunity in the commercial factoring business, to which the Board considered it with more potential and was more beneficial to the Shareholders and Company as a whole, the Company therefore decided to apply the net proceeds that were originally allocated to Shenzhen Hua Ya to the commercial factoring business. Hence, the actual use of proceeds of the open offer is slightly different than that of its original plan in this regard. Shareholders and potential investors are recommended to read the announcement of the Company dated 1 August 2014, together with the prospectus of the Company dated 12 September 2014, for details of use of proceeds in relation to the placing and open offer as detailed in the announcement of the Company dated 1 August 2014.

CAPITAL STRUCTURE

During the year under review, the capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising only ordinary shares.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2015 (2014: 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 2015, the Group had an aggregate of 10 (2014: 12) employees. The total staff cost for the year ended 31 March 2015 was approximately HK$5,254,000 (2014: approximately HK$4,723,000). The employee's remuneration package includes salary, bonus and share options. The emolument policy of the employees of the Group is set out by the Remuneration Committee. Pursuant to the Group's remuneration policy, employees are rewarded on the basis of merit, qualifications, competence 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 2015 (2014: Nil).

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2015 (2014: Nil).

CAPITAL COMMITMENTS

The Group has no capital commitments as at 31 March 2015 (2014: approximately HK$1,840,000).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Zha Jian Ping, aged 44, 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 numerous years, he has taken up 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 47, 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), Tack Fiori International Group Limited (stock code: 928), and Enterprise Development Holdings Limited (stock code: 1808), 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. He also acts as the company secretary and the compliance officer of the Company.

Mr. Lu Lin Yu, aged 33, graduated with a Master's degree in Business Administration from Xiamen University in the PRC. Mr. Lu has held the directorship and senior management positions in Shanghai Dingli Technology Development (Group) Co Ltd, a listed company in the PRC and Shanghai Broadband Technology Co Ltd, a listed company in the PRC. Mr. Lu has devoted himself to the operation and management of listed companies in the PRC for many years and has gained profound experience in project and strategic planning. He has held senior management positions in a number of private companies.

Mr. Cai Da, aged 40, holds a Civil Engineering Degree from Hunan University of Science and Technology. Mr. Cai is also the vice president of Shenzhen General Chamber of Commerce. Mr. Cai has been working and taking the senior managerial positions in a number of mining and oil refinery companies incorporated in PRC. Currently, Mr. Cai is the chairman of Shenzhen Bao Tai Dai Investment Development Company Limited and the chairman of board of directors of China Zhengqi Capital Investment Limited. Mr. Cai has accumulated over 10 years of experience in mining, oil refinery and corporate management fields. He is currently chairman and an executive director of China Natural Investment Company Limited (Stock Code: 8250). He was an executive director of Hong Kong Life Sciences and Technologies Group Limited (Stock Code: 8085) during the period from 30 September 2011 to 4 August 2014.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Wu Hong Ying, aged 48, obtained a degree in Economic Management from Sichuan Cadre Correspondence School* (四川幹部函授學院), the qualification of CFO International Certification in the School of Continuing Education at Tsinghua University, AACTP Certificate, and Advanced Financial Management Professional Certificate from University of Cambridge. She has taken positions in a number of sizable corporates such as Rainbow Department Store Co., Ltd. (a listed company in the PRC with stock code 2419), GOME Electrical Appliances Holding.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lam Tze Chung, aged 43, has over 10 years of working experience in accounting field. He holds a Bachelor of Arts in Accountancy from The Hong Kong Polytechnic University. Mr. Lam is an associate member of Hong Kong Institute of Certified Public Accountants and an associate member of Association of Chartered Certified Accountants.

Mr. Wu Ka Ho Stanley, aged 49, 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 currently a member of the Mainland Business Interest Group under the Association of Chartered Certified Accountants.

Mr. Qian Fengjun, aged 47, graduated from the Department of Chinese Language of Soochow University in 1991. He worked at Shenzhen Times Securities Co., Ltd from 1993 to 1996. He held several positions responsible for securities research and investment and investment banking with Guosen Securities Co., Ltd from 1996 to 2003. Since 2003, he has worked as a self-employed investor and is currently an executive director of Bright Finance Holdings Group Limited. Mr. Qian has accumulated 18 years of experience in finance and securities investment and is highly experienced in corporate governance.

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

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and the Group is principally engaged in provision of management services, investment in financial assets, general trading (including market sourcing of technical and electronic products, and trading of oil and gas related products) and provision of factoring services.

SUBSIDIARIES

Details of the Company's subsidiaries as at 31 March 2015 are set out in note 19 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 32 of the annual report.

The Directors do not recommend the payment of any dividend in respect of the year (2014: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2015, the aggregate amount of turnover attribute to the Group's five largest customers was about 95% (2014: 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% (2014: 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 16 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 26 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 2015.

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 90 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 DIRECTOR:

Mr. Zha Jian Ping ("**Mr. Zha**")
Mr. Yau Yan Ming Raymond ("**Mr. Yau**")
Mr. Cai Da ("**Mr. Cai**") (Appointed on 16 February 2015)
Mr. Lu Lin Yu ("**Mr. Lu**") (Appointed on 6 January 2015)
Ms. Wu Hong Ying ("**Ms. Wu**") (Appointed on 16 February 2015)
Ms. Tang Jing ("**Ms. Tang**") (Appointed on 22 August 2014 and resigned on 16 February 2015)
Mr. Shi Yanmin ("**Mr. Shi**") (Resigned on 22 August 2014)
Mr. Ji Peng ("**Mr. Ji**") (Resigned on 22 August 2014)

NON-EXECUTIVE DIRECTOR:

Ms. Qi Yue ("**Ms. Qi**") (Resigned on 16 February 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Lam Tze Chung ("**Mr. Lam**")
Mr. Wu Ka Ho Stanley ("**Mr. Wu**")
Mr. Qian Fengjun ("**Mr. Qian**") (Appointed on 1 September 2014)
Mr. Yue Laiqun ("**Mr. Yue**") (Resigned on 1 September 2014)

In accordance with article 95 of the Company's Articles of Association, Mr. Cai, Mr. Lu, Ms. Wu and Mr. Qian will retire at the forthcoming AGM and, being eligible, will offer themselves for re-election.

In accordance with article 114 of the Company's Articles of Association, Mr. Zha, and Mr. Yau 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.

REPORT OF THE DIRECTORS

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

At 31 March 2015, 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.

At 31 March 2015, 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.

REPORT OF THE DIRECTORS

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

At 31 March 2015, 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 capital in Company held	Percentage of issued share capital of the Company
The Underwriter	Beneficial owner	1,080,010,750	50% *(Notes 1 and 2)*
Galaxy Sky Investments Limited	Interest in controlled corporation	1,080,010,750	50% *(Notes 1 and 2)*
Kingston Capital Asia Limited	Interest in controlled corporation	1,080,010,750	50% *(Notes 1 and 2)*
Kingston Financial Group Limited	Interest in controlled corporation	1,080,010,750	50% *(Notes 1 and 2)*
Active Dynamic Limited	Interest in controlled corporation	1,080,010,750	50% *(Notes 1 and 2)*
Ms. Chu Yuet Wah	Interest in controlled corporation	1,080,010,750	50% *(Notes 1 and 2)*
Mr. Zhao Guangyu	Beneficial owner	200,000,000	9.26%

Note:

1. The Shares are the Offer Shares which the Underwriter is interested under the Underwriting Agreement on the assumption of no acceptance by the Qualifying Shareholders under the Open Offer. The Underwriter is a wholly-owned subsidiary of Galaxy Sky Investments Limited, which is wholly owned by Kingston Capital Asia Limited. Kingston Capital Asia Limited is wholly owned by Kingston Financial Group Limited. Active Dynamic Limited owns 42.9% interest in Kingston Financial Group Limited. Ms. Chu Yuet Wah owns 100% interest in Active Dynamic Limited.

2. The approximate percentages of interest in Shares as shown represented the number of Shares interested by the relevant Shareholders as at the Latest Practicable Date as enlarged by the relevant Offer Shares.

3. The percentage is based on 2,160,021,500 issued Shares as at 31 March 2015.

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.

REPORT OF THE DIRECTORS

Save as disclosed above, at 31 March 2015, 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 in the share option scheme below, 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 28 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.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year under review, the Group has not entered into any connected transaction that are not exempt under Rule 20.31 of the GEM Listing Rules nor any continuing connected transaction that are not exempt under Rule 20.33 of the GEM Listing Rules.

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 Tse Chung, Mr. Wu Ka Ho Stanley and Mr. Qian Fengjun, 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 2015 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 28 to the consolidated financial statements.

Details of the remuneration of the Directors and senior management and the five highest paid individuals in the Group are set out in note 13 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 22 to 29 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 28 to the consolidated financial statements.

REPORT OF THE DIRECTORS

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTION

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 Director, 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 offer the reporting period of the Group are set out in note 34 to the consolidated financial statements.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2014 and 31 March 2015 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
Zha Jian Ping
Chairman

Hong Kong
22 June 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 March 2015, except for the deviation from the code provision A.2.1. and 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**").

Under the Code Provision A.2.1., the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not at present separate the roles of the chairman and chief executive officer. Mr. Zha Jian Ping ("**Mr. Zha**") is the Chairman and Chief Executive Officer of the Company. He has extensive experience in project management and is responsible for the overall corporate strategies, planning and business development of the Group. It will be more effective in developing the Company's long-term business strategies and in execution of the Company's business plans if Mr. Zha continues to serve as the chief executive officer of the Company. The balance of power and authorities is ensured by the Board which comprises experienced and high caliber individuals with sufficient number of Independent Non-executive Directors.

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 subjected 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 subjected 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 the Company is committed to maintain high standards of corporate governance and integrity, and to ensure 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 2015, 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 five executive Directors 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. Zha Jian Ping *(Chairman and Chief Executive Officer)*
Mr. Yau Yan Ming Raymond
Mr. Cai Da (Appointed on 16 February 2015)
Mr. Lu Lin Yu (Appointed on 6 January 2015)
Ms. Wu Hong Ying (Appointed on 16 February 2015)
Ms. Tang Jing (Appointed on 22 August 2014 and resigned on 16 February 2015)
Mr. Shi Yanmin (Resigned on 22 August 2014)
Mr. Ji Peng (Resigned on 22 August 2014)

CORPORATE GOVERNANCE REPORT

Non-executive Director

Ms. Qi Yue (Resigned on 16 February 2015)

Independent non-executive Directors

Mr. Lam Tze Chung
Mr. Wu Ka Ho Stanley
Mr. Qian Fengjun (Appointed on 1 September 2014)
Mr. Yue Laiqun (Resigned on 1 September 2014)

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 2015, one annual general meeting ("**AGM**"), one extraordinary general meeting ("**EGM**") and fifteen board meetings. The attendance record of each Director at the Board meetings and general meetings of the Company held during the year ended 31 March 2015 is set out below:

The Board	**Annual General Meeting and Extraordinary Meeting Attendance/ Number of Meetings**	**Board Meetings Attendance/ Number of Meetings**
Executive Directors		
Mr. Zha Jian Ping *(Chairman and Chief Executive Officer)*	2/2	13/15
Mr. Yau Yan Ming Raymond	2/2	13/15
Mr. Cai Da	N/A	2/2
Mr. Lu Lin Yu	N/A	8/8
Ms. Wu Hong Ying	N/A	2/2
Mr. Shi Yanmin	0/1	0/3
Mr. Ji Peng	1/1	3/3
Ms. Tang Jing	0/1	4/10
Non-executive Director		
Ms. Qi Yue	0/2	4/13
Independent non-executive Directors		
Mr. Lam Tze Chung	2/2	13/15
Mr. Wu Ka Ho Stanley	1/2	13/15
Mr. Qian Fengjun	0/2	8/9
Mr. Yue Laiqun	1/1	1/6

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 13 to 14 of this annual report.

CORPORATE GOVERNANCE 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 Officer

As at the date of this report, the Company had Mr. Zha to assume the role as the chairman of the Board and the chief executive officer 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.

CORPORATE GOVERNANCE REPORT

Non-executive Director and Independent 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 Director	**Read Regulatory updates/materials**	**Attend conference/ seminars/workshops**
Executive Directors		
Mr. Zha Jian Ping *(Chairman)*	Yes	Yes
Mr. Yau Yan Ming Raymond	Yes	Yes
Mr. Cai Da	Yes	Yes
Mr. Lu Lin Yu	Yes	Yes
Ms. Wu Hong Ying	Yes	Yes
Independent non-executive Directors		
Mr. Lam Tze Chung	Yes	Yes
Mr. Wu Ka Ho Stanley	Yes	Yes
Mr. Qian Fengjun	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. In recommending candidates for appointment to the Board and conducting of annual review, the Nomination Committee will consider the benefits of all aspects of diversity, including without limitation, those described above, in order to maintain on appropriate range and balance of talents, skills, experience and background on the Board.

CORPORATE GOVERNANCE REPORT

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. Lam**"), Mr. Qian Fengjun ("**Mr. Qian**") and Mr. Yau Yan Ming Raymond ("**Mr. Yau**"). 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.

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 2015 and the remuneration of the Directors and the five highest paid employees are set out in Note 13 to the financial statements on pages 70 to 72.

The attendance record of each Director at the Remuneration Committee meetings held during the year ended 31 March 2015 is set out below:

Name of Director	**Attendance/ Number of Meetings**
Mr. Wu Ka Ho Stanley *(Chairman)*	4/4
Mr. Lam Tze Chung	4/4
Mr. Yau Yan Ming Raymond	4/4
Mr. Qian Fengjun	3/3
Mr. Yue Laiqun	0/1

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. Qian Fengjun ("**Mr. Qian**"), 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. Qian. 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.

The attendance record of each Director at the Nomination Committee meetings held during the year ended 31 March 2015 is set out below:

Name of Director	**Attendance/ Number of Meetings**
Mr. Qian Fengjun (Chairman)	3/3
Mr. Lam Tze Chung	4/4
Mr. Wu Ka Ho Stanley	4/4
Mr. Zha Jian Ping	4/4
Mr. Yue Laiqun (Chairman)	0/1

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. Qian Fengjun. 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 and 5.29 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.

CORPORATE GOVERNANCE REPORT

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.

The attendance record of each Director at the Audit Committee meetings held during the year ended 31 March 2015 is set out below:

Name of Director	**Attendance/ Number of Meetings**
Mr. Lam Tze Chung *(Chairman)*	4/4
Mr. Qian Fengjun	3/3
Mr. Wu Ka Ho Stanley	4/4
Mr. Yue Laiqun	0/1

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 2015 amounted to HK$385,000. The remuneration for non-audit services was amounted to HK$315,000.

COMPANY SECRETARY

For the year ended 31 March 2015, the company secretary was Mr. Yau Yan Ming Raymond ("**Mr. Yau**"), an 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 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.

CORPORATE GOVERNANCE REPORT

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 2015, the Company had made changes to its 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 2015.

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.

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
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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 32 to 89, which comprise the consolidated and Company statements of financial position as at 31 March 2015, 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 405 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

HLM CPA Limited
Certified Public Accountants
HO PAK TAT
Practising Certificate Number: P05215
Hong Kong
22 June 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Turnover	7	**417,129**	6,026
Cost of sale		**(395,262)**	(18,027)
Gross profit (loss)		**21,867**	(12,001)
Other income	9	**2,999**	1,372
Other gains and losses	10	**(2,724)**	(32,062)
Administrative expenses		**(23,915)**	(16,213)
Loss before taxation		**(1,773)**	(58,904)
Income tax expense	11	**(5,621)**	(21)
Loss for the year and attributable to owners of the Company	12	**(7,394)**	(58,925)
Other comprehensive income (expense) 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		**1,578**	(759)
Reclassification of investment revaluation reserve upon impairment of available-for-sale financial assets		**(680)**	-
Net loss arising on revaluation of available-for-sale financial assets		**(1,092)**	(149)
		(194)	(908)
Total comprehensive expense for the year and attributable to owners of the Company		**(7,588)**	(59,833)
Loss per share (HK cents)	15		
Basic		**(0.44)**	(4.53)
Diluted		**(0.44)**	(4.53)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	16	**907**	144
Intangible asset	17	**69,766**	101,096
Available-for-sale financial assets	18	**5,304**	14,766
		75,977	116,006
Current assets			
Trade and other receivables	20	**212,738**	19,819
Loan receivables	21	**6,780**	8,546
Financial assets at fair value through profit or loss	22	**100,158**	-
Bank deposits	23	**-**	80,422
Bank balances and cash	23	**17,755**	758
		337,431	109,545
Assets classified as held for sale	24	**-**	159,026
		337,431	268,571
Current liabilities			
Trade and other payables	25	**1,510**	3,418
Deposit received for disposal of a subsidiary		**-**	8,000
Income tax payables		**5,221**	9
		6,731	11,427
Liabilities directly associated with assets classified as held for sale	24	**-**	91,026
		6,731	102,453
Net current assets		**330,700**	166,118
Net assets		**406,677**	282,124
Capital and reserves			
Share capital	26	**683,047**	550,906
Reserves		**(276,370)**	(268,782)
Total equity		**406,677**	282,124

The consolidated financial statements on pages 32 to 89 were approved and authorised for issue by the Board of Directors on 22 June 2015 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 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current asset			
Investments in subsidiaries	19	**67,959**	294,294
Current assets			
Other receivables	20	**-**	5,000
Loan receivables	21	**50**	2,828
Financial assets at fair value through profit or loss	22	**100,158**	-
Amounts due from subsidiaries	19	**61,851**	6,071
Bank balances	23	**2,353**	72
		164,412	13,971
Current liability			
Other payables and accruals	25	**385**	350
Net current assets		**164,027**	13,621
Total assets less current liabilities		**231,986**	307,915
Non-current liability			
Amounts due to subsidiaries	19	**149,301**	149,301
Net assets		**82,685**	158,614
Capital and reserves			
Share capital	26	**683,047**	550,906
Reserves	27	**(600,362)**	(392,292)
Total equity		**82,685**	158,614

The financial statements on pages 32 to 89 were approved and authorised for issue by the Board of Directors on 22 June 2015 and are signed on its behalf by:

Director *Director*

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital HK$'000 (Note 26)	Share premium HK$'000	Capital redemption reserve HK$'000	Merger reserve HK$'000	Special capital reserve HK$'000	Translation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2013	105,884	381,133	3,297	45,918	60,592	67,114	-	(321,981)	341,957
Loss for the year	-	-	-	-	-	-	-	(58,925)	(58,925)
Other comprehensive expense									
- Exchange differences arising on translation	-	-	-	-	-	(759)	-	-	(759)
- Net loss arising on revaluation of available-for-sale financial assets	-	-	-	-	-	-	(149)	-	(149)
Total comprehensive expense for the year	-	-	-	-	-	(759)	(149)	(58,925)	(59,833)
Transfer to share capital *(Note a)*	445,022	(381,133)	(3,297)	-	(60,592)	-	-	-	-
At 31 March 2014 and 1 April 2014	550,906	-	-	45,918	-	66,355	(149)	(380,906)	282,124
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(7,394)**	**(7,394)**
Other comprehensive income (expense)									
- Exchange differences arising on translation	**-**	**-**	**-**	**-**	**-**	**1,578**	**-**	**-**	**1,578**
- Reclassification of investment revaluation reserve upon impairment of available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**(680)**	**-**	**(680)**
- Net loss arising on revaluation of available-for-sale financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**(1,092)**	**-**	**(1,092)**
Total comprehensive income (expense) for the year	**-**	**-**	**-**	**-**	**-**	**1,578**	**(1,772)**	**(7,394)**	**(7,588)**
Issue of shares pursuant to open offer	**63,530**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**63,530**
Issue of shares upon share placing	**68,611**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**68,611**
At 31 March 2015	**683,047**	**-**	**-**	**45,918**	**-**	**67,933**	**(1,921)**	**(388,300)**	**406,677**

Note:

(a) 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 2015

	Notes	2015 HK$'000	2014 HK$'000
Operating activities			
Loss for the year		**(7,394)**	(58,925)
Adjustments for:			
Income tax expense	*11*	**5,621**	21
Amortisation of intangible asset	*17*	**9,574**	12,607
Depreciation of property, plant and equipment	*16*	**90**	302
Impairment loss on intangible asset	*17*	**22,263**	32,059
Impariment loss recognised on available-for-sale financial assets	*10*	**7,690**	-
Interest income	*9*	**(2,992)**	(1,358)
Net gain arising on revaluation of financial assets at fair value through profit or loss	*10*	**(30,617)**	-
Net realised loss on disposal of financial assets at fair value through profit or loss	*10*	**3,388**	-
Loss on disposal of property, plant and equipment		**-**	3
Operating cash flows before movements in working capital		**7,623**	(15,291)
(Increase) decrease in trade and other receivables		**(197,760)**	90,469
(Decrease) increase in trade and other payables		**(9,906)**	2,744
Purchase of financial assets at fair value through profit or loss	*6*	**(80,226)**	-
Proceeds on disposal of financial assets at fair value through profit or loss	*6*	**7,297**	-
Cash (used in) generated from operating activities		**(272,972)**	77,922
Income tax paid		**(442)**	(12)
Net cash (used in) generated from operating activities		**(273,414)**	77,910
Investing activities			
Refund of deposits for potential investment projects		**5,000**	192
Decrease (increase) in loan receivables		**2,028**	(5,551)
Interest received		**2,731**	1,251
Net cash inflow on disposal of subsidiaries	*29*	**68,000**	-
Deposit received for disposal of a subsidiary		**-**	8,000
Purchase of property, plant and equipment	*16*	**(853)**	(49)
Proceeds on disposal of property, plant and equipment		**-**	6
Purchase of available-for-sale financial assets		**-**	(14,915)
Fixed deposits with banks withdrawn (placed)		**80,422**	(80,422)
Net cash generated from (used in) investing activities		**157,328**	(91,488)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
Financing activities			
Proceeds from issue of shares pursuant to open offer, net of share issuance costs	26	**63,530**	-
Proceeds from issue of shares upon share placing	26	**68,611**	-
Net cash generated from financing activities		**132,141**	-
Net increase (decrease) in cash and cash equivalents		**16,055**	(13,578)
Cash and cash equivalents at beginning of the year		**758**	16,100
Effect of foreign exchange rate changes		**942**	(1,764)
Cash and cash equivalents at the end of the year		**17,755**	758
Analysis of the balances of cash and cash equivalents:			
Represented by bank balances and cash		**17,755**	758

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 19.

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 HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendment to HKFRS 2 included in Annual Improvements 2010-2012 Cycle	Definition of Vesting Condition[1]
Amendment to HKFRS 3 included in Annual Improvements 2010-2012 Cycle	Accounting for Contingent Consideration in a Business Combination[1]
Amendment to HKFRS 13 included in Annual Improvements 2010-2012 Cycle	Short-term Receivables and Payables
Amendment to HKFRS 1 included in Annual Improvements 2011-2013 Cycle	Meaning of Effective HKFRSs
Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – INT 21	Levies

[1]Effective from 1 July 2014

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[4]
HKFRS 9	Financial Instruments[6]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
HKFRS 14	Regulatory Deferral Accounts[3]
HKFRS 15	Revenue from Contracts with Customers[5]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[4]

[1]Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[2]Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.
[3]Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
[4]Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[5]Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
[6]Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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.

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

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described below:

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

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

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

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

The Directors of the Company anticipate that the application of these new and revised standards and amendments will have no material impact on 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 HKFRSs, 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 and the applicable disclosure provisions of the GEM Listing Rules.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

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.

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)*

Loss of control of a subsidiary

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.

Investments in subsidiaries

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

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 asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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) General trading

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

(c) Distribution of net income from oil well operation

Income from distribution's share of the output of the financial assets is recognised when it is probable that the economic benefits associated with the distribution will flow to the Group.

(d) Realised gains or loss from financial assets

Realised gains or loss from financial assets at fair value through profit or loss are recognised on the transaction dates when they are executed whilst the unrealised gains or losses are recognised from valuation at the end of the reporting period in accordance with the accounting policies for financial instruments.

(e) Handling fee and interest income

Handling fee/interest income is recognised on a time proportion basis, by reference to the principal outstanding and at the handling fee rate/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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets

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

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

Financial instruments

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

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

Financial assets

Financial assets are classified into 'financial assets at fair value through profit or loss' ("**FVTPL**"), '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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 other than those financial assets classified as at FVTPL.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in note 6c.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS financial assets (Continued)

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.

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.

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

Impairment loss of financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment loss of financial assets (Continued)

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. 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 of 60 days, 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.

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

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

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment 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.

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.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

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.

Impairment loss 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 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 of disposal 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 taxation' 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 are also recognised in other comprehensive income or directly in equity respectively.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting 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, unless exchange rates fluctuate significantly during 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 translation reserve.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

Related parties

A related party is a person or an entity that is related to the Group.

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control of the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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. 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 on AFS financial asset

The Group follows the guidance of HKAS 39 to determine when an AFS financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow.

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.

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.

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

Impairment loss recognised in respect of intangible asset

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

In addition, the Group determines whether the intangible asset is impaired 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 financial instruments

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS

6a. Categories of financial instruments

	The Group	
	2015	2014
	HK$'000	HK$'000
Financial assets		
AFS financial assets	**5,304**	14,766
Financial assets at FVTPL	**100,158**	-
Loans and receivables		
– Trade receivables	**199,743**	2,400
– Other receivables	**-**	105
– Loan receivables	**6,780**	8,546
– Bank deposits	**-**	80,422
– Bank balances and cash	**17,755**	758
– Assets classified as held for sale	**-**	159,026
	224,278	251,257
	329,740	266,023
Financial liabilities		
– Trade payables	**-**	2,388
– Other payables	**1,006**	594
– Liabilities directly associated with assets classified as held for sale (excluding income tax payable)	**-**	16,683
	1,006	19,665

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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

The Group's foreign currency assets, liabilities and transactions are principally denominated in Chinese Renminbi ("**RMB**") and United States dollar ("**US$**"). These currencies are not the functional currencies of the Group entities to which these balances relate. The Group is exposed to foreign currency risk arising from the movements in the exchange rates of these different currencies against the functional currencies of the Group entities. The Group manages its foreign currency risks by closely monitoring the movement of the foreign currency rates. Most of the Group's business transactions are denominated in Hong Kong dollar ("**HK$**"), US$ and RMB.

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

	Assets		**Liabilities**	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
RMB	**232,931**	83,389	**6,187**	19,302

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 considers there is no significant exposure to foreign exchange fluctuations as long as the Hong Kong-United States dollar exchange rate remains pegged. However, the Group is exposed to fluctuation in exchange rates of RMB. At 31 March 2015, if HK$ had weakened/strengthened by 5% against RMB with all other variables held constant, post-tax loss for the year would have been HK$11,337,000 (2014: HK$3,204,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of RMB denominated receivables and payables.

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 21 and 23 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.

6. FINANCIAL INSTRUMENTS *(Continued)*

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

Interest rate risk *(Continued)*

The Group'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 23. 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.

For the general trading, the Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers could trade on credit. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is contained. The Group reviews the recoverable amount of each individual customer at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Since the Group trades only with recognised and creditworthy third parties, the Directors of the Company consider that the Group's credit risk is significantly reduced.

For loans granted to outsiders, the Group has an established credit assessment process to access the potential borrower's credit quality and defines credit limits by borrower. Limit attributed to borrowers are reviewed by the management regularly. The Group also obtains collateral from borrower to minimise the credit risk in respect of the loan receivables.

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 as 36% (2014:100%) and 95% (2014:100%) of the total trade receivables due from the Group's largest customer and the five largest customers respectively, and by geographical locations is in the PRC, which accounted for 80% (2014: 100%) of the total trade receivables as at 31 March 2015.

Bank balances are placed in various authorised institutions and the Directors of the Company consider the credit risk for such institution is minimal.

Liquidity risk

In the management of the liquidity risk, the Group 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 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 can be required to pay. The table includes both interest and principal cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

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

	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
2015							
Non-derivative financial liabilities							
Trade and other payables	**-**	**1,006**	**-**	**-**	**-**	**1,006**	**1,006**
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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement *(Continued)*

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

Fair value of the Group's financial instruments, including AFS financial assets which are categorised into Level 3 of the fair value hierarchy, were valued by the Directors with the reference to valuation reports issued by Peak Vision Appraisals Limited, an independent valuation firm, and financial assets at FVTPL, which are categorised into Level 1 and 3, are determined with reference to quoted market closing prices in an active market and redeemed price respectively.

	Fair value at 31 March 2015	**Fair value measurement as at 31 March 2015 categorised into**		
		Level 1	Level 2	Level 3
	HK$'000	HK$'000	HK$'000	HK$'000
AFS financial assets	**5,304**	-	-	5,304
Financial assets at FVTPL	**100,158**	78,808	-	21,350
	105,462	78,808	-	26,654

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

During the year ended 31 March 2015 and 2014, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement *(Continued)*

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

Information about fair value measurements in financial instruments.

	Fair value hierarchy	Valuation techniques	Significant unobservable input
AFS financial assets			
Unlisted investment of working interest of oil well located in Calcasieu Parish ("**Calcasieu Well**")	Level 3	Discounted cash flow method[1]	Weighted average cost of capital
Unlisted investment of working interest of oil well located in Lafourche Parish ("**Lafourche Well**")	Level 3	Discounted cash flow method[2]	Weighted average cost of capital
Financial assets at FVTPL			
Equity securities listed in Hong Kong	Level 1	Quoted market closing prices in an active market	N/A
Unlisted investment fund	Level 3	Net asset value[3]	N/A

[1]As at 31 March 2015, the Calcasieu Well has been fully impaired. As at 31 March 2014, it was estimated that with all other variables held constant, the carrying amount of Calcasieu Well would be decreased by approximately HK$242,000/increased by approximately HK$265,000 when the discount rate increased/decreased by 1%.

[2]As at 31 March 2015, it is estimated that with all other variable held constant, the carrying amount of Lafourche Well would be decreased by approximately HK$312,000/increased by approximately HK$335,400 (2014: decreased by approximately HK$250,000/increased by approximately HK$289,000) when the discount rate increased/ decreased by 1%.

[3]The fair value of unlisted investment fund is established by making reference to the price and net asset value quoted by respective fund administrators as this may be redeemed at the request by the holders based on such quoted price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement *(Continued)*

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

The following table presents the change in Level 3 fair value measurements for the year ended 31 March 2015:

	AFS financial assets HK$'000	Financial assets at FVTPL HK$'000	Total HK$'000
At 1 April	14,766	-	14,766
Purchases	-	80,226	80,226
Disposals	-	(7,297)	(7,297)
Impairment loss	(7,690)	-	(7,690)
Net (loss) gain arising on revaluation of financial assets	(1,092)	30,617	29,525
Net realised loss on disposal of financial assets	-	(3,388)	(3,388)
Reclassification of investment revaluation reserve upon impairment	(680)	-	(680)
At 31 March	5,304	100,158	105,462

The following table presents the change in Level 3 fair value measurements for the year ended 31 March 2014:

	AFS financial assets HK$'000	Financial assets at FVTPL HK$'000	Total HK$'000
At 1 April	-	-	-
Purchases	14,915	-	14,915
Net loss arising on revaluation of financial assets	(149)	-	(149)
At 31 March	14,766	-	14,766

6. FINANCIAL INSTRUMENTS *(Continued)*

6c. Fair value measurement *(Continued)*

(ii) Fair values of financial instruments that are not measured at fair value (but fair value disclosure are required)

In respect of trade and other receivables, loan receivables, bank deposits, bank balances and cash, and trade and other payables, 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 is as follows:

	2015 **HK$'000**	2014 HK$'000
Management service fee income	**18,812**	-
Sales of goods in general trading	**397,799**	6,026
Handling fee income from factoring services	**518**	-
	417,129	6,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION

The Group's operating segments, represent 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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

(a) Provision of management services

(b) Investment in financial assets

(c) General trading (including market sourcing of technical and electronic products, and trading of oil and gas related products)

(d) Provision of factoring services

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable segments.

	Provision of management services		Investment in financial assets		General trading		Provision of factoring services		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
SEGMENT REVENUE	**18,812**	-	**-**	-	**397,799**	6,026	**518**	-	**417,129**	6,026
SEGMENT RESULTS	**(13,025)**	(44,673)	**19,539**	-	**12,111**	606	**518**	-	**19,143**	(44,067)
Unallocated corporate income									**2,999**	1,372
Unallocated corporate expenses									**(23,915)**	(16,209)
Loss before taxation									**(1,773)**	(58,904)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014: Nil).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION *(Continued)*

Segment Assets and Liabilities

As at 31 March

	Provision of management services		Investment in financial assets		General trading		Provision of factoring services		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
ASSETS										
Segment assets	**88,522**	101,096	**105,462**	14,766	**158,021**	2,400	**22,965**	-	**374,970**	118,262
Assets classified as held for sale	**-**	159,026	**-**	-	**-**	-	**-**	-	**-**	159,026
Unallocated segment assets									**38,438**	107,289
Consolidated assets									**413,408**	384,577
LIABILITIES										
Segment liabilities	**-**	-	**-**	-	**-**	2,388	**-**	-	**-**	2,388
Liability directly associated with asset classified as held for sale	**-**	16,683	**-**	-	**-**	-	**-**	-	**-**	16,683
Unallocated segment liabilities									**6,731**	83,382
Consolidated liabilities									**6,731**	102,453

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 these 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

8. SEGMENT INFORMATION *(Continued)*

Other segment information

	Provision of management services		Investment in financial assets		General trading		Provision of factoring services		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
OTHER SEGMENT INFORMATION:										
Amounts included in the measure of segment profit or loss or segment asset:										
Amortisation of intangible asset	**9,574**	12,607	**-**	-	**-**	-	**-**	-	**9,574**	12,607
Impairment loss on intangible asset	**22,263**	32,059	**-**	-	**-**	-	**-**	-	**22,263**	32,059
Impairment loss on AFS financial assets	**-**	-	**7,690**	-	**-**	-	**-**	-	**7,690**	-
Net realised loss on disposal of financial assets at FVTPL	**-**	-	**3,388**	-	**-**	-	**-**	-	**3,388**	-
Net gain arising on revaluation of financial assets at FVTPL	**-**	-	**(30,617)**	-	**-**	-	**-**	-	**(30,617)**	-

Geographical information

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

	Revenue from external customers		Non-current assets	
	Year ended 31 March	Year ended 31 March		
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**257,921**	6,026	**69,944**	101,096
Hong Kong	**159,208**	-	**729**	144
USA	**-**	-	**5,304**	14,766
	417,129	6,026	**75,977**	116,006

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 is as follows:

	2015 HK$'000	**Percentage of revenue**	2014 HK$'000	Percentage of revenue
Customer A	**159,208**	**38%**	-	-
Customer B	**139,964**	**34%**	-	-
Customer C	**96,034**	**23%**	-	-
Customer D	**-**	**-**	3,744	62%
Customer E	**-**	**-**	2,282	38%

Note: Revenue from the above customers all arose from general trading. No other single customer contributed 10% or more to the Group's revenue for both 2015 and 2014.

9. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income	**2,992**	1,358
Sundries	**7**	14
	2,999	1,372

10. OTHER GAINS AND LOSSES

	Notes	**2015 HK$'000**	2014 HK$'000
Net realised loss on disposal of financial assets at FVTPL		**(3,388)**	-
Net gain arising on revaluation of financial assets at FVTPL		**30,617**	-
Impairment loss on intangible asset	*17*	**(22,263)**	(32,059)
Impairment loss on Calcasieu Well held as AFS financial asset	*18*	**(7,690)**	-
Loss on disposal of property, plant and equipment		**-**	(3)
		(2,724)	(32,062)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

11. INCOME TAX EXPENSE

	2015 HK$'000	2014 HK$'000
PRC Enterprise Income Tax ("**EIT**")		
– Current	**5,621**	21
– Over provision in prior years	**-**	-
	5,621	21

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 Laws of the People's Republic of China 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.

Taxation for other entities of the Group is charged at their respective applicable income tax rates ruling in the relevant jurisdictions.

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:

	2015 HK$'000	2014 HK$'000
Loss before taxation	**(1,773)**	(58,904)
Taxation at domestic income tax rate of 16.5% (2014: 16.5%)	**(293)**	(9,719)
Effect of different tax rates of subsidiaries operating in other jurisdiction	**2,041**	(55)
Tax effect of expenses not deductible for tax purpose	**8,431**	9,581
Tax effect of income not taxable for tax purpose	**(5,052)**	(19)
Tax effect of deductible temporary differences not recognised	**(364)**	33
Utilisation of tax losses previously not recognised	**(53)**	-
Tax effect of tax losses not recognised	**911**	200
Tax expense for the year	**5,621**	21

At 31 March 2015, the Group had unused estimated tax losses of approximately HK$24,396,000 (2014: approximately HK$108,645,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

12. LOSS FOR THE YEAR

	2015	2014
	HK$'000	HK$000
Loss for the year has been arrived at after charging:		
Staff costs (including directors' emoluments)		
Salaries and allowances	**5,180**	4,664
Retirement benefits scheme contributions	**74**	59
	5,254	4,723
Amortisation of intangible asset (included in cost of sale)	**9,574**	12,607
Auditor's remuneration		
- audit services	**385**	350
- other services	**315**	460
Depreciation of property, plant and equipment	**90**	302
Legal and professional fees	**2,947**	4,217
Operating lease charges in respect of rented premises	**2,044**	2,147
Placing commission	**3,304**	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. EMOLUMENTS FOR DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the thirteen (2014: nine) directors and chief executive were as follows:

For the year ended 31 March 2015

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Zha Jian Ping[9]	-	1,075	-	1,075
Mr. Yau Yan Ming Raymond	-	807	18	825
Ms. Tang Jing[1]	-	258	-	258
Mr. Shi Yanmin[5]	-	212	-	212
Mr. Ji Peng[5]	-	132	-	132
Mr. Cai Da[4]	-	29	-	29
Ms. Wu Hong Ying[4]	-	29	-	29
Mr. Lu Lin Yu[3]	-	71	-	71
Non-executive director:				
Ms. Qi Yue[7]	-	126	-	126
Independent non-executive directors:				
Mr. Lam Tze Chung	144	-	-	144
Mr. Wu Ka Ho Stanley	144	-	-	144
Mr. Qian Fengjun[2]	84	-	-	84
Mr. Yue Laiqun[6]	60	-	-	60
	432	2,739	18	3,189

13. EMOLUMENTS FOR DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 March 2014

Name of Director	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive directors:				
Mr. Zha Jian Ping[9]	-	636	-	636
Mr. Yau Yan Ming Raymond	-	675	15	690
Mr. Ji Peng[5]	-	405	-	405
Mr. Shi Yanmin[5]	-	600	-	600
Non-executive directors:				
Ms. Qi Yue[7]	-	144	-	144
Mr. Wang Chuntian[8]	-	60	-	60
Independent non-executive directors:				
Mr. Lam Tze Chung	144	-	-	144
Mr. Wu Ka Ho Stanley	144	-	-	144
Mr. Yue Laiqun[6]	144	-	-	144
	432	2,520	15	2,967

1. Appointed on 22 August 2014 and resigned on 16 February 2015
2. Appointed on 1 September 2014
3. Appointed on 6 January 2015
4. Appointed on 16 February 2015
5. Resigned on 22 August 2014
6. Resigned on 1 September 2014
7. Resigned on 16 February 2015
8. Retired on 28 August 2013
9. Mr. Zha Jian Ping is also the chief executive of the Group

There was no arrangement under which the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

13. EMOLUMENTS FOR DIRECTORS AND SENIOR MANAGEMENT *(Continued)*

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2014: four) were Directors of the Company whose emoluments are included in the disclosures in note 13(a) above. The emoluments of the remaining two (2014: one) individual were as follows:

	2015 HK$'000	2014 HK$'000
Salaries and allowances	**913**	405
Retirement benefits scheme contributions	**35**	15
	948	420

The emoluments were within the following bands:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**2**	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 2015 and 2014.

14. DIVIDENDS

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

15. LOSS PER SHARE

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

	2015 HK$'000	2014 HK$'000
Loss		
Loss for the purpose of basic loss per share (loss for the year attributable to owners of the Company)	**(7,394)**	(58,925)
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of basic loss per share (2014: restated to reflect the effect of open offer in October 2014)	**1,669,688**	1,301,548

The diluted loss per share is same as the basic loss per share as there was no dilutive potential ordinary shares outstanding in both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and office equipment HK$'000	Leasehold improvments HK$'000	Motor vehicle HK$'000	Total HK$'000
COST				
At 1 April 2013	382	1,039	-	1,421
Additions	7	42	-	49
Disposals	(3)	(1,039)	-	(1,042)
At 31 March 2014 and 1 April 2014	386	42	-	428
Additions	173	-	680	853
At 31 March 2015	559	42	680	1,281
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 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 and 1 April 2014	273	11	-	284
Depreciation provided for the year	47	21	22	90
At 31 March 2015	320	32	22	374
CARRYING AMOUNT				
At 31 March 2015	239	10	658	907
At 31 March 2014	113	31	-	144

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 or 5 years
Motor vehicle	5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

17. INTANGIBLE ASSET

The Group

	Exclusive right	
	2015	2014
	HK$'000	HK$'000
COST		
At 1 April	**1,020,254**	1,014,083
Exchange realignment	**6,414**	6,171
At 31 March	**1,026,668**	1,020,254
ACCUMULATED AMORTISATION AND IMPAIRMENT		
At 1 April	**919,158**	869,319
Amortisation for the year	**9,574**	12,607
Impairment loss recognised in the year	**22,263**	32,059
Exchange realignment	**5,907**	5,173
At 31 March	**956,902**	919,158
CARRYING AMOUNT		
At 31 March	**69,766**	101,096

The intangible asset is amortised on straight-line basis over its estimated useful lives. The intangible asset represented the exclusive right derived in respect of the management service agreement between Shenzhen Careall Capital Investment Co., Limited ("**Careall Capital**") and being an independent third party of the Group and Shenzhen Hua Ya Energy Company Limited ("**Shenzhen Hua Ya**"), a wholly owned subsidiary of the Company. On 7 March 2014, the parties entered into a supplementary agreement to revise the terms on payment where the Group will be remunerated by management fee of a specified annual management fee and an amount equivalent to 15% of the net profits of Careall Capital for the period from year 2013 to year 2024.

17. INTANGIBLE ASSET *(Continued)*

The recoverable amount of the exclusive right cash-generating unit 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 10 years (2014: 11 years) approved by the management of the Company based on the amount of fixed income receivable according to the Management Agreement, at a discount rate of 19.90% (2014: 22.32%), and a projection of the cash flow from the 15% of the net profit of Careall Capital for 5 years at a discount rate of 21.11%. 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. However, the valuer had come to a conclusion that it is unlikely there will be any value-in-use on the variable portion of income, therefore, the value-in-use of the intangible asset presented represent the value-in-use derived from the fixed income portion.

The Directors of the Company were of the opinion that the impairment loss recognised in the year for the value-in-use of the intangible asset was mainly due to the global economic sentiments and the quality of investment portfolio hold by Careall Capital.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Details of the Group's AFS financial assets are as follows:

	Calcasieu Well HK$'000	Lafourche Well HK$'000	Total HK$'000
At 1 April 2013	-	-	-
Additions	7,690	7,225	14,915
Gain (loss) arising on valuation	680	(829)	(149)
At 31 March 2014 and 1 April 2014	8,370	6,396	14,766
Loss arising on valuation	-	(1,092)	(1,092)
Reclassification of investment revaluation reserve upon impairment	(680)	-	(680)
Provision for impairment loss recognised in the consolidated statement of profit or loss and other comprehensive income	(7,690)	-	(7,690)
At 31 March 2015	-	5,304	5,304

The unlisted investments were the 10% of working interests of two oil wells located in Calcasieu Parish and Lafourche Parish, the State of Louisiana in the United States of America ("**USA**"), operated by an independent operator, which is a privately owned company incorporated and based in Columbia, the State of Mississippi in the USA, which operated oil and gas exploration business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

During the year, on-site mud engineer left a water value on allowing water to flow into Calcasieu Well, diluted the drilling mud weight and caused severe and irreversible damage to the well. The exploration was suspended. Based on findings from qualified person, the operator believed that it is highly probable that no future economic benefits will be generated from the well. The fair value of Calcasieu Well, determined based on the valuation prepared by the independent qualified professional valuer using inputs that are not observable in active market, is HK$Nil and the consequential impairment loss on the original investment amount of the Calcasieu Well is approximately HK$7,690,000 (2014: HK$Nil). The gain arising on revaluation in 2014 of approximately HK$680,000 was reclassified to the consolidated statement of profit or loss and other comprehensive income for the year.

The fair value of Lafourche Well amounting to approximately HK$5,304,000 is determined on the basis of value-in-use calculation with reference to a valuation performed by an independent qualified professional valuer using inputs that are not observable in active market. During the end of the reporting period, loss arising on revaluation of AFS financial assets of approximately HK$1,092,000 (2014: approximately HK$829,000) was recognised in investment revaluation reserve. The Directors of the Company are of the opinion that the loss arising on revaluation of AFS financial assets is mainly due to the falling global oil price in the second half of 2014, particularly a sharp decrease of oil price from October 2014. The value-in-use calculations were based on the cash flow projections provided by an independent operator, a discount rate of 30.59% (2014: 34.82%) and the cash flows beyond the budget period have been extrapolated using a 2.04% (2014: 2.08%) growth rate.

The independent operator and the Company agreed to terminate the investment and the cost of investment of approximately HK$7,225,000 will be refunded no later than 60 days from 27 May 2015.

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

	The Company	
	2015	2014
	HK$'000	HK$'000
Unlisted shares, at cost	**957,567**	957,567
Less: impairment loss recognised	**(889,608)**	(663,273)
	67,959	294,294
Amounts due from subsidiaries	**274,309**	218,529
Less: impairment loss recognised	**(212,458)**	(212,458)
	61,851	6,071

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. INVESTMENTS IN SUBSIDIARIES/ AMOUNTS DUE FROM/ TO SUBSIDIARIES *(Continued)*

Details of the Company's principal subsidiaries at 31 March 2015 and 2014 are as follows:

Name of subsidiary	Place/country of incorporation/	Issued and fully paid share capital	Attributable equity interest held by the Company: Directly 2015	Directly 2014	Indirectly 2015	Indirectly 2014	Principal activities
iMerchants Asia Limited	BVI/Hong Kong	Ordinary shares US$6,001,000	100%	100%	-	-	Investment holdings
Shine Gain Holdings Limited	BVI/Hong Kong	Ordinary shares US$100	100%	100%	-	-	Investment holdings
Growwise Holdings Limited	BVI	Ordinary shares US$1	100%	100%	-	-	Investment holdings
Top Connect Holdings Limited	BVI	Ordinary shares US$1	100%	100%	-	-	Investment holdings
Shenzhen Hua Ya Energy Company Limited*	PRC	RMB40,000,000	-	-	100%	100%	Provision of management services
All Profit Limited	Hong Kong	Ordinary shares HK$1	100%	100%	-	-	General trading
CEH Energy LLC	United States	Limited liability company	-	-	100%	100%	Investments in financial assets
Shenzhen Fuhui Commercial Factoring Company Limited*	PRC	RMB50,000,000	-	-	100%	-	Provision of factoring services
Supreme Luck International Limited	BVI/Hong Kong	Ordinary shares US$1	-	-	-	100%	Investment holdings and provision of management services

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

19. 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$226,335,000 and HK$Nil (2014: HK$152,768,000 and HK$15,727,000) 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$889,608,000 and HK$212,458,000 (2014: HK$663,273,000 and HK$212,458,000) 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.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (see note 20(a))	**199,743**	2,400	**-**	-
Less: Impairment loss recognised	**-**	-	**-**	-
	199,743	2,400	**-**	-
Investment deposits (see note 20(b))	**11,128**	16,058	**-**	5,000
Other receivables	**-**	105	**-**	-
Prepayments and deposits	**1,867**	1,256	**-**	-
	212,738	19,819	**-**	5,000

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade receivables

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	
	2015	2014
	HK$'000	HK$'000
Within 90 days	**188,363**	2,400
90-180 days	**11,380**	-
Total	**199,743**	2,400

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

	The Group	
	2015	2014
	HK$'000	HK$'000
Balance at beginning of the year	**-**	396
Recognised during the year	**-**	-
Elimination on reclassification as held for sale	**-**	(396)
Balance at end of the year	**-**	-

There is no trade receivables that are past due but not impaired for both years ended of 2015 and 2014.

The Group's trade receivables arose from factoring services to companies in the PRC, management services and general trading. The Group's credit period granted to each customer is generally for an average period of 180 days. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are regularly reviewed by senior management. The carrying amounts of trade receivables approximate their fair value. As at the date of this report, approximately HK$162,731,000, respresenting 81% of the trade receivables, had been settled.

Trade receivables from factoring services include principal amount and handling fee receivables. The principal amount bears handling fee rates ranging from 7.3% to 12% per annum (2014: Nil). The Group holds the collateral or other credit enhancements over its trade receivables.

Except for the factoring services, trade receivables from other segments are non-interest bearing, and the Group does not hold any collaterals or other credit enhancements over its trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

20. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Investment deposits

On 9 July 2014, the vendor and the Company mutually agreed to terminate the acquisition agreement of 51% interest in Careall International Energy Holding Company Limited and its target company which was engaged in the business of exploring, developing, producing and acquiring natural oil and gas properties in the Republic of Kazakhstan due to a third party financial institution not agreeing to further extend its facility to the target company. The investment deposit of HK$5,000,000 was refunded on 28 October 2014.

Another refundable deposit of approximately HK$11,128,000 (equivalent to RMB8,800,000) was placed by the Group to an independent third party for the potential investment projects relating to the technical support and consulting services on the exploration and development on the coal, natural gas and clean energy business in the PRC. On 12 June 2015, the Group received a notice for the refund of this investment deposit due to that satisfactory results had not been obtained from the due diligence and investigation of these projects.

21. LOAN RECEIVABLES

	The Group		The Company	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Loan receivables	6,322	8,350	-	2,800
Loan interest receivables	458	196	50	28
	6,780	8,546	50	2,828

Included in loan receivables were amounts advanced to two independent third parties, amounting to approximately HK$2,529,000 and HK$3,793,000 (equivalent to RMB2,000,000 and RMB3,000,000), which were interest-bearing at 7.57% and 12.68% per annum respectively. The loan interest receivables amounted to HK$458,000 in aggregate. The loan receivables are secured and repayable within 60 days. All outstanding amounts have been settled before the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Details of the Group's and the Company's financial assets at FVTPL are as follows:

	2015 HK$'000	2014 HK$'000
Held-for-trading investments		
Equity securities listed in Hong Kong	**78,808**	-
Investment designated as at FVTPL		
Unlisted investment fund	**21,350**	-
	100,158	-

The fair value of held-for-trading investments traded on active markets are determined with reference to their quoted closing prices.

The fair value of unlisted investment fund is established by making reference to the redemption price which includes redemption fee of the unlisted investment fund quoted by the fund administrator.

23. BANK DEPOSITS, BANK BALANCES AND CASH

	The Group		The Company	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Bank balances and cash	**17,755**	758	**2,353**	72
Fixed deposits with banks with terms between 4 to 12 months	**-**	80,422	**-**	-
	17,755	81,180	**2,353**	72

No fixed deposits were placed at the end of the year. Fixed deposits carried interest at approximately 3% per annum during the year of 2014. The bank balances carried interest ranging from 0% to 0.35% (2014: 0% to 0.35%) per annum.

24. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

As described in note 29 to the consolidated financial statements, the Company has completed the disposal of discontinued operation on 18 August 2014 and there are no assets and liabilities being classified as held for sale in 2015. The assets and liabilities classified as held for sale in 2014 (relating to the assets and liabilities of provision of management services operation) were as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

24. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE *(Continued)*

	2015 **HK$'000**	2014 HK$'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

25. TRADE AND OTHER PAYABLES

	The Group		**The Company**	
	2015 **HK$'000**	2014 HK$'000	**2015** **HK$'000**	2014 HK$'000
Trade payables	**-**	2,388	**-**	-
Other payables and accruals	**675**	1,030	**385**	350
PRC business tax and levies payable	**835**	-	**-**	-
	1,510	3,418	**385**	350

The credit periods granted by suppliers are generally 90 days.

Aging analysis of the trade payables is as follows:

	The Group	
	2015 **HK$'000**	2014 HK$'000
Within 90 days	**-**	2,388

26. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Issued and fully paid			
At 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	*(a)*	-	445,022
At 31 March 2014 and 1 April 2014, ordinary shares with no par value		1,058,841	550,906
Issue of shares upon share placing	*(b)*	465,880	68,611
Issue of shares pursuant to open offer	*(c)*	635,301	63,530
At 31 March 2015, ordinary shares with no par value		2,160,022	683,047

Notes:

(a) An entirely new Companies Ordinance (Cap.622) ("**New CO**") came into effect on 3 March 2014. The New CO abolished 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 aggregate amount of share premium, capital redemption reserve and special capital reserve of the Company were transferred to the share capital.

(b) The Company has issued and allotted 211,760,000 and 254,120,000 new shares at HK$0.18 and HK$0.12 per share as fully paid by placing on 15 August 2014 and 29 January 2015 respectively.

(c) The Company has issued and allotted 635,300,500 new shares at HK$0.10 per share as fully paid by open offer on the basis of one offer share for every two existing shares held on 9 October 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

27. RESERVES

The Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus* HK$'000	Special capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 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 and 1 April 2014	**-**	**-**	**31,104**	**-**	**(423,396)**	**(392,292)**
Total comprehensive expenses for the year	**-**	**-**	**-**	**-**	**(208,070)**	**(208,070)**
At 31 March 2015	**-**	**-**	**31,104**	**-**	**(631,466)**	**(600,362)**

* (i) The Contributed surplus is 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 of subsidiaries in March 2000.

(ii) Part of the credit was utilised on repurchase of shares and the amount was transferred to the capital redemption reserve in March 2002 and

(iii) the remaining balance will be utilised in accordance with the by-laws of the Company and all applicable laws.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

28. SHARE OPTION SCHEMES

2011 Share Option Scheme

Under the 2011 Share Option Scheme, the Board 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 persons and the parties working for the interests of the Company with an opportunity to obtain an equity interest in the Company, thus linking their interests 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

28. 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 were no option outstanding under 2011 Share Option Scheme as at 31 March 2015 and 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

29. DISPOSAL OF A SUBSIDIARY

On 20 June 2013, the Company entered into a sale and purchase agreement, in relation to the disposal of its equity interests of Supreme Luck International Limited at a consideration of HK$68,000,000. The disposal was completed on 18 August 2014. The analysis of assets and liability disposed of Supreme Luck International Limited as of that date are shown as follow:

	HK$'000
Trade receivables	159,026
Other payables	16,683
Income tax payable	74,343
Net assets disposed of	68,000
Total consideration	(68,000)
	-

An analysis of net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

Net cash inflow arising on disposal:	
Cash consideration received	68,000

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	
	2015 HK$'000	2014 HK$'000
Within one year	2,863	1,695
In the second to fifth year inclusive	1,345	845
	4,208	2,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

31. CAPITAL COMMITMENTS

	The Group	
	2015	2014
	HK$'000	HK$'000
Capital commitments in respect of acquisition of AFS 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$74,000 (2014: HK$59,000). The retirement benefits costs charged to consolidated statements of profit or loss and other comprehensive income represents contributions payable to the schemes by the Group at rates specified in the rules of the schemes.

33. RELATED PARTY DISCLOSURES

The details of the transactions with related party are as follows:

(a) 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 13 above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2015

34. EVENTS AFTER THE REPORTING PERIOD

(i) With reference to the announcement dated 24 March 2015 and the circular dated 2 June 2015, the Directors proposed the share consolidation of two issued shares into one consolidated share and open offer of 1,080,010,780 offer shares at the subscription price of HK$0.15 per offer share on the basis of one offer share for each consolidated share in issue. The share consolidation and open offer were approved by the independent members by way of poll at the extraordinary general meeting dated 19 June 2015.

(ii) On 27 May 2015, the independent operator of Lafourche Well and the Company have mutually agreed to terminate the Group's participation in 10% of the working interests of Lafourche Well and the investment cost in Lafourche Well of approximately HK$7,225,000 (equivalent to USD929,431) will be repaid to the Group no later than 60 days from 27 May 2015.

(ii) On 12 June 2015, as no satisfactory results were obtained from the due diligence and investigation, the Group received a notice of refund of the investment deposit of approximately HK$11,178,000 (equivalent to RMB$8,800,000) relating to the intended aquisition of the technical support and consulting services on the exploration and development on the coal, natural gas and clean energy business in the PRC.

35. COMPARATIVES FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

FINANCIAL SUMMARY

For the year ended 31 March 2015

RESULTS

	Year ended 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Continuing operations					
Turnover	109,008	118,292	162,011	6,026	**417,129**
Loss before taxation	(286,146)	(103,581)	(114,231)	(58,904)	**(1,773)**
Income tax expense	(28,397)	(13,954)	(42,910)	(21)	**(5,621)**
Loss for the year from continuing operations	(314,543)	(117,535)	(157,141)	(58,925)	**(7,394)**
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	-	-
	(317,302)	(125,537)	(143,440)	(58,925)	**(7,394)**
Attributable to:					
– Owners of the Company	(316,804)	(125,487)	(143,440)	-	**-**
– Non-controlling interests	(498)	(50)	-	-	**-**
Net loss for the year	(317,302)	(125,537)	(143,440)	(58,925)	**(7,394)**

ASSETS AND LIABILITIES

	At 31 March				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Total assets	752,293	503,873	433,656	384,577	**413,408**
Total liabilities	(146,514)	(64,891)	(91,699)	(102,453)	**(6,731)**
Net assets	605,779	438,982	341,957	282,124	**406,677**
Equity attributable to equity holders of the Company	605,752	438,987	341,957	282,124	**406,677**
Non-controlling interests	27	(5)	-	-	**-**
	605,779	438,982	341,957	282,124	**406,677**