CHANCETON FINANCIAL GROUP LIMITED
川盟金融集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8020)

2014/2015
ANNUAL REPORT

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

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

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

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Ho Chiu Ha Maisy
(Chairman)

Mr. Wong Kam Wah (retired as Chief Executive Officer on 13 May 2015)

Mr. Tsang Yan (retired at the annual general meeting held on 20 August 2014)

Mr. Lau Ling Tak

Mr. Leung Man Kit

Ms. Man Wing Yee Ginny

Mr. Wang Qiang (appointed on 7 January 2015 and appointed as the Chief Executive Officer on 13 May 2015)

Mr. Yu Bin (Appointed on 13 May 2015)

Independent Non-executive Directors

Mr. Chiu Chi Kong

Mr. William Robert Majcher

Mr. Yau Yan Ming Raymond

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

AUTHORIZED REPRESENTATIVES

Mr. Wong Kam Wah
Mr. Lau Ling Tak

COMPANY SECRETARY

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

COMPLIANCE OFFICER

Mr. Wong Kam Wah

AUDIT COMMITTEE

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

Corporate Information

REMUNERATION COMMITTEE	Mr. Chiu Chi Kong *(Chairman)* Mr. Lau Ling Tak Mr. William Robert Majcher Mr. Yau Yan Ming Raymond
NOMINATION COMMITTEE	Mr. William Robert Majcher *(Chairman)* Mr. Yau Yan Ming Raymond Mr. Chiu Chi Kong Mr. Lau Ling Tak
SHARE REGISTRAR AND TRANSFER AGENT IN HONG KONG	Union Registrars Limited 18/F, Fook Lee Commercial Centre Town Place, 33 Lockhart Road Wanchai, Hong Kong
PRINCIPAL BANKER	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
AUDITORS	HLB Hodgson Impey Cheng Limited Certified Public Accountants 31/F, Gloucester Tower, The Landmark 11 Pedder Street Central Hong Kong
GEM STOCK CODE	8020
COMPANY'S WEBSITE	www.chanceton.com

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of Chanceton Financial Group Limited, I am pleased to present the 2014/2015 annual results of the Group for the financial year ended 31 March 2015 (the "Financial Year").

BUSINESS OPERATION AND FINANCIAL PERFORMANCE

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

During the Financial Year, despite the strong rallies of US and European markets, the Hong Kong market underperformed due to the uncertainties on the Mainland's economic outlook and credit conditions. Given the weak local market situation, the Group continued to focus on the provision of corporate finance advisory services to its clients, meanwhile, actively explore business opportunities to diversify business and financial risk as well as broaden the sources of income of the Group.

The Group recorded revenue of approximately HK$8.67 million for the year ended 31 March 2015 (2014: HK$10.40 million), representing a decrease of approximately 16.63% when compared to the corresponding period in 2014. The Group recorded audited loss attributable to owners of the Company for the year ended 31 March 2015 of approximately HK$41.73 million. Such loss was mainly due to (i) share of loss arising from an approximately 25% owned associate of the Company, namely Revenue Synthesis Limited, of approximately HK$21.97 million; (ii) imputed interest incurred in connection with the convertible bonds issued by the Company of approximately HK$5.18 million; and (iii) impairment on financial assets at fair value through profit or loss of approximately HK$11 million in connection with the acquisition of 20% equity interest in Bao Sheng Ventures Limited. **The Board wishes to emphasis that items (i), (ii) and (iii) of the abovementioned losses of approximately HK$38.15 million are non-cash in nature and have no cash flow impact to the Group. The Group remains in a healthy and solid financial condition.**

Chairman's Statement

BUSINESS OPERATION AND FINANCIAL PERFORMANCE (CONTINUED)

Investment in an associate relating to Acquired Immunodeficiency Syndrome ("AIDS") medication business

Following the acquisition of approximately 25% equity interest in Revenue Synthesis Limited relating to AIDS medication business, the Board has been actively managing and monitoring the development progress of the AIDS medication capsule. The Directors are of the view that the current progress of the AIDS medication business is satisfactory and the phase IIb of the clinical trials of the AIDS medication capsule could be completed in late 2015. The Board is confident that the AIDS medication business would create value to the shareholders of the Company in future.

OUTLOOK

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

The Board is of the view that the AIDS medication business is in line with one of the business strategies of the Group which is to seek investment in high-return projects. The Board believes that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China's herbal medicine market for treating AIDS with few competitors, the AIDS medication business represents an important milestone to the Group given the huge market potential in the AIDS medication industry.

Apart from focusing on corporate finance advisory services and monitoring the progress of the AIDS medication business, we will also actively explore other business opportunities to maximize Shareholder's wealth and diversify business risk.

We will continue to dedicate the best effort to lead the Group to strive for the best interests for the Company's shareholders.

APPRECIATION

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

Chanceton Financial Group Limited
Ho Chiu Ha Maisy
Chairman and Executive Director

Hong Kong, 30 June 2015

Management Discussion and Analysis

BUSINESS REVIEW

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

(i) advising on the Listing Rules, the GEM Listing Rules and Takeovers Code;

(ii) acting as independent financial adviser to transactions of listed issuers falling under the Listing Rules, the GEM Listing Rules and the Takeovers Code;

(iii) advising on M&A activities and other corporate activities; and

(iv) advising on corporate resumption.

During the Financial Year, despite the strong rallies of US and European markets, the Hong Kong market underperformed due to the uncertainties on the Mainland's economic outlook and credit conditions. Given the weak local market situation, the Group, continued to focus on the provision of corporate finance advisory services to its clients, meanwhile, actively explore business opportunities to diversify business and financial risk as well as broaden the sources of income of the Group.

The Group recorded revenue of approximately HK$8.67 million for the year ended 31 March 2015 (2014: HK$10.40 million), representing a decrease of approximately 16.63% when compared to the corresponding period in 2014.

Investment in an associate relating to Acquired Immunodeficiency Syndrome ("AIDS") medication business

Following the acquisition of approximately 25% equity interest in Revenue Synthesis Limited relating to AIDS medication business, the Board has been actively managing and monitoring the development progress of the AIDS medication capsule. The Directors are of the view that the current progress of the AIDS medication business is satisfactory and the phase IIb of the clinical trials of the AIDS medication capsule could be completed in late 2015. The Board is confident that the AIDS medication business would create value to the shareholders of the Company in future.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

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

On 19 November 2014, Chanceton Alliance (IV) Investments Holdings Limited, a wholly owned subsidiary of the Company and Mr. Wong Tung Lok entered into a sale and purchase agreement in relation to the acquisition of 20% issued share capital of Bao Sheng Ventures Limited, which indirectly holds 3.5% issued share capital of LOVONKO Co. Ltd. (the "Target Group"), a company incorporated under the laws of Mongolia and is principally engaged in exploration, utilization and trading of mining resources. LOVONKO Co. Ltd. currently holds the Use of Mineral Resources Permit in relation to a coal mine located in Mongolia. The consideration of the acquisition was HK$21,000,000 which was determined with reference to, among others, (i) the synergy effect to the Group's corporate finance advisory business via the business network of the Target Group; and (ii) the prospects and potential value appreciation of the business of the Target Group.

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

FINANCIAL REVIEW

Revenue

For the Financial Year, revenue of the Group decreased by approximately 16.63% to approximately HK$8.67 million from approximately HK$10.40 million last year. Such decrease was mainly due to the intense competition in the corporate finance advisory industry.

Administrative and other operating expenses

The Group's administrative and operating expenses for the Financial Year increased by approximately 17.2% to approximately HK$13.55 million compared to approximately HK$11.56 million last year. The increase was mainly due to the increase in staff cost by approximately 18.3% to approximately HK$6.39 million compared with approximately HK$5.40 million in last year to cope with expansion of the Group and the recognition of share-based payments of approximately HK$1.95 million

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

Loss for the Financial Year attributable to owners of the Company

The Group recorded audited loss attributable to owners of the Company for the year ended 31 March 2015 of approximately HK$41.73 million as compared to audited loss attributable to owners of the Company of approximately HK$21.72 million last year. Such loss was mainly due to (i) share of loss arising from an approximately 25% owned associate of the Company, namely Revenue Synthesis Limited, of approximately HK$21.97 million; (ii) imputed interest incurred in connection with the convertible bonds issued by the Company in relation to the acquisition of 20% of Revenue Synthesis Limited in December 2012 of approximately HK$5.18 million; and (iii) impairment on financial assets at fair value through Profit or loss of approximately HK$11 million in connection with the acquisition of 20% interest in Bao Sheng Ventures Limited. **The Board wishes to emphasis that items (i), (ii) and (iii) of the abovementioned losses of approximately HK$38.15 million are non-cash in nature and have no cash flow impact to the Group. The Group remains in a healthy and solid financial condition.**

Liquidity and financial resources

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

As at 31 March 2015, the Group had net current assets of approximately HK$22.63 million (2014: approximately HK$46.04 million). The Group had cash and bank balances of approximately HK$19.04 million (2014: approximately HK$45.00 million). Current ratio as at 31 March 2015 was approximately 29.97 (2014: 40.35).

The Group's gearing ratios as at 31 March 2015 was 51.71% (2014: 37.26%). Gearing ratio is calculated by dividing total net debt with the total equity.

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

Management Discussion and Analysis

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2015 (2014: Nil).

CAPITAL COMMITMENTS

As at 31 March 2015, the Group did not have any significant capital commitments (31 March 2014: Nil).

CAPITAL STRUCTURE

As at 31 March 2015, the issued share capital of the Company was HK$22,200,000 divided into 2,220,000,000 shares.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries and the approximately 25% equity interest in Revenue Synthesis Limited relating to AIDS medication business, during the Financial Year, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 March 2015, save as disclosed in the Company's prospectus dated 28 September 2011 (the "Prospectus") the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Financial Year, the Group acquired 20% equity interests in Bao Sheng Ventures Limited at a cash consideration of HK$21 million. Save as disclosed above, Group had no other material acquisitions and disposal of subsidiaries and affiliated companies during the Financial Year.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2015 (31 March 2014: Nil).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

PLEDGE OF ASSETS

As at 31 March 2015, the Group did not pledge any of its assets (2014: Nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2015, the Group had 17 full-time employees (2014: 19), including the Directors. Total staff cost (including Directors' emoluments) were approximately HK$6.39 million for the Financial Year as compared to approximately HK$5.40 million in last year. Remuneration is determined with reference to market terms, performance, qualification and experience of individual employee. Year-end bonus based on individual performance will be paid to employees as recognition of and reward for their contributions. Other benefits include contributions to statutory mandatory provident fund scheme and medical benefit to its employees in Hong Kong. In addition, the Group adopted a share option scheme for eligible employees (including Directors) to provide incentives to participants for their contributions and continuing efforts to promote the interests of the Group.

Management Discussion and Analysis

OUTLOOK

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

The Board is of the view that the AIDS medication business in line with one of the business strategies of the Group as stated in the Prospectus which is to seek investment in high-return projects. The Board is believes that Chinese herbs, in general, are milder, have fewer side effects and are affordable to patients and the growing potential of the China's herbal medicine market for treating AIDS with few competitors, the AIDS medication business represents an important milestone to the Group given the huge market potential in the AIDS medication industry.

Apart from focusing on corporate finance advisory services and monitoring the progress of the AIDS medication business, the Company will also actively explore other business opportunities to maximize Shareholder's wealth and diversify business risk.

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

Throughout the Financial Year, the Company had complied with all the code provisions set out in the Appendix 15 Corporate Governance Code and Corporate Governance Report (the "CG Code") of the GEM Listing Rules with the exception of the following deviation:

CODE PROVISION E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting.

DEVIATION

The chairman of the Board, Ms. Ho Chiu Ha Maisy, was unable to attend the annual general meeting of the Company held on 20 August 2014 (the "AGM 2014 ") as she had other important business engagement. However, Mr. Wong Kam Wah, an executive Director and the then Chief Executive Officer, had chaired the AGM 2014 in accordance with the articles of association of the Company.

THE BOARD OF DIRECTORS

Composition and Responsibilities

At the date of this report, the name and office of each of the members of the Board and the Board committees of the Company are as follows:

Board member	Office
Ms. Ho Chiu Ha Maisy	*Chairman/Executive Director*
Mr. Wong Kam Wah	*Executive Director*
Mr. Lau Ling Tak	*Executive Director*
Mr. Leung Man Kit	*Executive Director*
Ms. Man Wing Yee Ginny	*Executive Director*
Mr. Wang Qiang	*Executive Director/Chief Executive Officer*
Mr. Yu Bin	*Executive Director*
Mr. Chiu Chi Kong	*Independent non-Executive Director*
Mr. William Robert Majcher	*Independent non-Executive Director*
Mr. Yau Yan Ming Raymond	*Independent non-Executive Director*

THE BOARD OF DIRECTORS (CONTINUED)

Composition and Responsibilities (continued)

Audit Committee member

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

Remuneration Committee member

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

Nomination Committee member

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

As at the date of this report, the Board comprised ten Directors, of which six are executive Directors and three are non-executive Directors. Of the three non-executive Directors, all of them are independent non-executive Directors which represent less than one-third of the Board. According to Rule 5.05A of the GEM Listing Rules, the Company is required to appoint independent non-executive Directors representing at least one-third of the members of the Board. As at the date of this report, the member of independent non-executive Directors falls below the requirement of Rule 5.05A of the GEM Listing Rules. The Company is currently identifying a suitable candidate to fill the aforesaid vacancy and expects the vacancy to be filled as soon as practicable and in compliance with the GEM Listing Rules.

The biographical details of each Director are set out in the section Report of the Directors on pages 26 to 31.

Role and Function of the Board

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

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year ended 31 March 2015, thirteen Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
Executive Directors:	
Ms. Ho Chiu Ha Maisy *(Chairman)* (appointed on 8 July 2013)	13/13
Mr. Wong Kam Wah (appointed on 20 April 2011)	13/13
Mr. Tsang Yan (appointed on 8 July 2013 and retired on 20 August 2014)	4/13
Mr. Lau Ling Tak (appointed on 21 September 2011 as an independent non-executive Director and re-designated as an executive Director on 21 June 2012)	13/13
Mr. Leung Man Kit (appointed on 21 September 2011)	13/13
Ms. Man Wing Yee Ginny (appointed on 21 February 2012 as a non-executive Director and re-designated as an executive Director on 25 June 2014	13/13
Mr. Wang Qiang *(Chief Executive Officer)* (appointed on 7 January 2013)	2/13
Independent non-executive Directors:	
Mr. Chiu Chi Kong (appointed on 21 September 2011)	13/13
Mr. William Robert Majcher (appointed on 21 September 2011)	13/13
Mr. Yau Yan Ming Raymond (appointed on 21 September 2011)	13/13

Apart from regular Board meetings, the chairman also had a meeting with the independent non-executive Directors without the presence of executive Directors during the Financial Year.

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings (continued)

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

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

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

Appointment, Re-election and Removal

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

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

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

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

THE BOARD OF DIRECTORS (CONTINUED)

Nomination Committee

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

The composition of the Nomination Committee is as follow:

Independent non-executive Directors:
Mr. William Robert Majcher *(Chairman)*
Mr. Yau Yan Ming Raymond
Mr. Chiu Chi Kong

Executive Director:
Mr. Lau Ling Tak

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

(1) review the structure, size, composition (including the skills, knowledge and experience) and diversity against factors including but not limited to gender, age, nationality, cultural and educational background, professional experience, skills, knowledge, industry experience and length of services, having regard to the Group's business activities, assets and management portfolio Board's at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

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

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

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

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

Corporate Governance Report

THE BOARD OF DIRECTORS (CONTINUED)

Nomination Committee (continued)

Board Diversity Policy

The Board has, upon the recommendation of the Company's Nomination Committee, adopted a board diversity policy for purpose of maintaining a diversity of the Board which can in turn enhance the Board's decision making capability. In assessing potential candidates for the Board, the Nomination Committee will consider the guidelines and factors set out in the board diversity policy with a view that any appointment to the Board will be based on merit, having regard to the ability of candidates to complement and expand the skills, knowledge and experience of the Board as a whole. Diversity of the Board can be achieved through consideration of a number of relevant factors, including but not limited to independence, age, gender, ethnicity and cultural background, education, skills, knowledge and experience.

The Board has set measurable objectives (in terms of cultural background, education, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account the Company's own business model and specific needs.

The Nomination Committee members held two meetings during the Financial Year to discuss and review the Board's structure, size, composition and diversity, the extension of term of service of the independent non-executive Directors and the nomination of candidate to the Board for consideration and appointment. The attendance records of individual Nomination Committee members are set out below:

	Number of Meetings Attended/Held
Mr. William Robert Majcher *(Chairman)*	2/2
Mr. Yau Yan Ming Raymond	2/2
Mr. Chiu Chi Kong	2/2
Mr. Lau Ling Tak	2/2

Confirmation of Independence

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

THE BOARD OF DIRECTORS (CONTINUED)

Code of Conduct for Securities Transactions by Directors

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

Continuous Professional Development for Directors

Directors must keep abreast of their collective responsibilities. Each newly appointed Director receives an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. Apart from the updates on regulatory changes and governance developments provided by the Company, the Directors are encouraged to participate in professional training and seminars to develop and refresh their knowledge and skills. A training record has been devised to record the training which the Directors have undertaken.

During the Financial Year and up to date of this report, the Board members participated in the following training programs:

	Types of training	
Name of Directors	**In-house training organized by professional organizations and provided by the Company**	**Reading materials updating on new rules and regulations**
Executive Directors		
Ms. Ho Chiu Ha Maisy *(Chairman)*	✓	✓
Mr. Wong Kam Wah	✓	✓
Mr. Tsang Yan	✓	✓
Mr. Lau Ling Tak	✓	✓
Mr. Leung Man Kit	✓	✓
Ms. Man Wing Yee Ginny	✓	✓
Mr. Wang Qiang	✓	✓
Mr. Yu Bin	✓	✓
Independent non-executive Directors		
Mr. Chiu Chi Kong	✓	✓
Mr. William Robert Majcher	✓	✓
Mr. Yau Yan Ming Raymond	✓	✓

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

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

Remuneration Committee

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

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

The composition of the Remuneration Committee is as follows:

Independent Non-executive Directors:
Mr. Chiu Chi Kong *(Chairman)*
Mr. William Robert Majcher
Mr. Yau Yan Ming Raymond

Executive Director:
Mr. Lau Ling Tak

The Remuneration Committee members held two meetings during the Financial Year, the attendance records of individual Remuneration Committee members are set out below:

	Number of Meetings Attended/Held
Mr. Chiu Chi Kong *(Chairman)*	2/2
Mr. Lau Ling Tak	2/2
Mr. William Robert Majcher	2/2
Mr. Yau Yan Ming Raymond	2/2

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The financial statements set out on pages 41 to 48 were prepared on the basis set out in notes 49 and 122 to the Consolidated Financial Statements. Financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

During the Financial Year, the Company engaged HLB Hodgen Impey Cheng Limited ("HLB") as the external auditors whose term of office will expire upon the forthcoming annual general meeting. The Audit Committee has recommended to the Board that, HLB Hodgen Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming AGM. Apart from providing audit services, no audit related or non-audited services were provided by HLB throughout the Financial Year. The fees in respect of audit services by HLB for the year ended 31 March 2015 amounted to approximately HK$400,000 (2014: HK$320,000).

The reporting responsibilities of HLB are set out in the Independent Auditors' Report on pages 41 to 42.

Internal Control

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

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

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee

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

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

The composition of the Audit Committee is as follows:

Independent non-executive Directors:
Mr. Yau Yan Ming Raymond *(Chairman)*
Mr. Chiu Chi Kong
Mr. William Robert Majcher

Executive Director:
Mr. Lau Ling Tak

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

	Number of Meetings Attended/Held
Mr. Yau Yan Ming Raymond *(Chairman)*	8/8
Mr. Chiu Chi Kong	8/8
Mr. Lau Ling Tak	8/8
Mr. William Robert Majcher	8/8

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

- Met with external auditors to discuss the general scope of their audit work;
- Reviewed external auditors' management letter and management's response;
- Reviewed management representation letter;
- Reviewed the completeness and effectiveness of internal control system;
- Reviewed and approved internal audit plan;
- Reviewed and approved the engagement of external auditors for providing non-audit services;

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee (continued)

- Reviewed and approved the remuneration in respect of audit and non-audit services provided by external auditors;
- Reviewed the independence and objectivity of external auditors;
- Met with external auditors to discuss issues arising from the audit of annual accounts and review of interim and quarterly accounts;
- Reviewed the annual report and accounts, half-year interim report as well as quarterly reports;
- Recommended to the Board the appointment of external auditors; and
- Reviewed the Company's compliance with the Code Provisions and disclosure in the Corporate Governance Report.

Delegation by the Board

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

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Communication with Shareholders

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

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

Procedures for Shareholders to convene an extraordinary general meeting

There is no provision allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, Shareholders are requested to follow article 64 of the Articles of Association, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one day of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expense incurred by the requisition(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Shareholders to propose a person for election as a Director

The provisions for a shareholder to propose a person for election as a Director are laid down in article 113 of the Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose such person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by such person of his willingness to be elected shall have been lodged at the head office or at the Registration Office. The minimum length of the period during which such notices are given shall be at least seven clear days and the period for lodgement of such notices shall commence no earlier than the day immediately after the despatch of the notice of the general meeting appointed for such intention and end no later than seven days before the date of such general meeting.

Procedures for sending enquiries to the Board

Shareholders may send written enquiries to the Company, for the attention of the Company Secretary, by fax: (852) 2543 9311, e-mail at admin@chanceton.com or mail to Unit A, 23/F., CMA Building, 64-66 Connaught Road Central, Hong Kong.

Information disclosure

The Company discloses information in compliance with the GEM Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete thereby enabling Shareholders as well as the public to make rational and informed decisions.

Hong Kong, 30 June 2015

Report of the Directors

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2015 (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

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

RESULTS

The results of the Group for the year ended 31 March 2015 of the Group are set out in Consolidated Financial Statements on pages 41 to 48.

RESERVES

Movement in the reserves of the Group and the Company during the Financial Year are set out in the consolidated statement of changes in equity on page 46 and note 31 to the Consolidated Financial Statements respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2015, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$78,138,000 (2014: approximately HK$87,508,000).

SHARE CAPITAL

Details of movements in share capital of the Company during the Financial Year are set out in note 30 to the Consolidated Financial Statements.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue generated from the Group's five largest customers accounted for approximately 83.0% of the total revenue of the Group for the Financial Year and revenue generated from the largest client accounted for approximately 38.2%. Due to the nature of the Group's principal business activities, the Group has no major suppliers. The Group engages information technology and office supplies vendors to facilitate the operation of its business.

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

Report of the Directors

PLANT AND EQUIPMENT

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

BORROWINGS

As at 31 March 2015, the Group had no banking facilities and had no borrowings outstanding (2014: Nil).

DIRECTORS

The Directors who hold office as at the date of this report are as follows:

Executive Directors

Ms. Ho Chiu Ha Maisy, aged 47, is an executive Director and chairman of the Company. Ms. Maisy Ho holds a Bachelor's degree in mass communication and psychology from Pepperdine University, the United States.

In Hong Kong, Ms. Maisy Ho is 3rd vice-chairman of Tung Wah Group of Hospitals, member of Hospital Governing Committee of Queen Elizabeth Hospital, honorary vice chairman of Hong Kong United Youth Association, vice president of Hong Kong Institute of Real Estate Administrators, committee member and vice chairman of Young Executive Committee of The Chinese General Chamber of Commerce, vice chairman of Hong Kong Junior Police Call Honorary President Council for Central District, honorary vice president of Hong Kong Girl Guides and member of board of trustees of New Asia College, The Chinese University of Hong Kong.

In Macau, Ms. Maisy Ho is an executive vice president of Property Management Business Association Macao, vice president of Macao International Brand Association, deputy chief of Ladies Committee of Macao Chamber of Commerce and committee member of Kiang Wu Charitable Association.

In China, she is a standing committee member of the Chinese People's Political Consultative Conference of Liaoning Province, Beijing Youth Federation, and vice chairman of Liaoning Youth Federation respectively.

Report of the Directors

DIRECTORS (CONTINUED)

She has been an executive director of Shun Tak Holdings Limited since 2001 and she is responsible for overseeing the strategic planning and operations of the property management division, as well as retail and merchandising division. Save as aforementioned, Ms. Maisy Ho has not held other directorships in the last three years in public companies, the securities of which are listed on any securities market in Hong Kong or overseas.

Mr. Wong Kam Wah, aged 42, is the founder, an executive Director and the compliance officer of the Company. Mr. Wong is responsible for formulating corporate strategy, planning, business development as well as overseeing the operations of the Group's business and handling the Group's compliance matters.

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

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

DIRECTORS (CONTINUED)

Mr. Leung Man Kit, aged 61, joined the Group in March 2011 and his principal responsibilities are the provision of corporate advisory services to clients. Mr. Leung was appointed as an executive Director on 21 September 2011.

Mr. Leung obtained the degree of Bachelor of Social Sciences from the University of Hong Kong in October 1977 and has over 30 years of experience in project finance and corporate finance. He held senior positions with Peregrine Capital Limited from January 1992 to December 1993, SG Securities (HK) Limited (previously known as Crosby Securities (Hong Kong) Limited) from January 1994 to November 1997, and Swiss Bank Corporation, Hong Kong Branch from December 1997 to September 1998. Mr. Leung was a director of Emerging Markets Partnership (Hong Kong) Limited which was the principal adviser to the AIG Infrastructure Fund L.P. from February 1999 to August 2001. Mr. Leung was an executive director of Cosmopolitan International Holdings Ltd (stock code: 120) from June 2006 to December 2006. Mr. Leung was an independent non-executive director of Anhui Expressway Company Limited (Stock Code: 0995) from August 2005 to August 2011 and Junefield Department Store Group Limited (stock code:758) from December 2002 to May 2014.

He is currently a Responsible Officer of Chanceton Capital. He has been an independent non-executive director of NetEase (NASDAQ: NTES), a NASDAQ listed company since July 2002. He has been an independent non-executive director of China Ting Group Holdings Limited (stock code: 3398) since November 2005; Orange Sky Golden Harvest Entertainment (Holdings) Limited (stock code: 1132) since February 2008; China Huiyuan Juice Group Limited (stock code:1886) since June 2012 and Optics Valley Union Holding Company Limited (stock code:798) since March 2014 all of which are listed on the Stock Exchange of Hong Kong.

Mr. Lau Ling Tak, aged 40, joined the Group as an independent non-executive Director on 21 September 2011 and re-designated as an executive Director on 21 June 2012, he is responsible for formulating corporate strategy, planning and business development of the Group. He is a member of each of the Audit Committee, Remuneration Committee and the Nomination Committee.

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

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

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

DIRECTORS (CONTINUED)

Ms. Man Wing Yee Ginny, aged 42, joined the Group as a non-executive Director on 21 February 2012 and re-designated as an executive Director on 25 June 2014. She has over 8 years of experience in legal practice focusing on China inbound and outbound investment, finance, mergers and acquisitions and corporate restructuring. She has been working as a consultant at Century Health Medical Technology Limited and Century Health Technology Limited since 2010. She also worked as an assistant solicitor at Tsun & Partners from 2008 to January 2012 and was admitted as a solicitor of the High Court of Hong Kong SAR in August 1999.

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

Mr. Wang Qiang, aged 44, joined the Group on 7 January 2015 as an executive Director and appointed as the Chief Executive Officer of the Company on 14 May 2015. Mr. Wang has over 8 years experience in the maritime transportation industry, international logistic management and has extensive experience in enterprises operation and management. Mr. Wang has been holding office as key positions at several shipping and logistic related companies since 2009; he has been the board chairman of 上海晟弘國際物流有限公司, the director and executive deputy general manager of 中稷瑞威能源發展(上海)有限公司 and the board chairman of 北京遠洋晟隆國際物流有限公司.

Mr. Yu Bin, aged 45, joined the Group on 13 May 2015 as an executive Director. Mr. Yu graduated from the Fine Arts College of Shanghai University in 1993. Mr. Yu has over ten years of experience in assets appraisal and project investment and analysis, and has extensive experience in business operation and corporate management. Mr. Yu has held key positions in a number of domestic auction houses in the PRC since 1998. He is currently a deputy general manager of 中稷實業投資有限公司上海分公司, a director and general manager of 中稷瑞威控股(上海)有限公司,中稷瑞威控股(泰國)有限公司 and 中稷瑞威能源發展(上海)有限公司, and a director and deputy general manager of 中稷國際貨運代理(上海)有限公司.

Independent non-executive Directors

Mr. Chiu Chi Kong, aged 46, is an independent non-executive Director. Mr. Chiu was appointed as an independent non-executive Director on 21 September 2011, he is responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee.

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

DIRECTORS (CONTINUED)

Mr. Chiu is a practicing solicitor in Hong Kong. He has considerable experience in mergers and acquisitions, corporate finance and compliance matters for listed companies in Hong Kong. He is a member of the Chinese People's Political Consultative Conference of Changchun, PRC, the Law Society of Hong Kong and the Law Society of England and Wales. Mr. Chiu is also a China Appointed Attesting Officer appointed by the Ministry of Justice of the PRC since April 2006 and an accredited mediator of Hong Kong International Arbitration Centre since January 2004. Mr. Chiu is currently an independent non-executive Director of China Bio-Med Regeneration Technology Limited (stock code: 8158).

Mr. William Robert Majcher, aged 52, is an independent non-executive Director. Mr. Majcher was appointed as an independent non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

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

Mr. Majcher has been an executive director of China Investment Fund Company Limited (stock code: 612) from August 2007 to January 2014 and has been appointed to the board of directors of Evolving Gold Corporation (TSX "EVG", FSE "EV7"), a company listed on both TSX Venture Exchange of Canada and Frankfurt Stock Exchange, with effect from 21 September 2007. Mr. Majcher has also been appointed as a director of Q-Gold Resources Ltd., a company listed on TSX Venture Exchange of Canada, since 4 November 2010. Mr. Majcher was a director of First Star Resources Inc., a company listed on TSX Venture Exchange of Canada, from February 2011 to September 2011. He was also a director of Stealth Energy from December 2010 to September 2011, a company listed on the Canadian National Stock Exchange.

Mr. Yau Yan Ming Raymond, aged 47, is an independent non-executive Director. Mr. Yau was appointed an independent non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Yau obtained a Master Degree of Science in Japanese Business Studies in December 1995 from Chaminade University of Honolulu and a Bachelor's Degree in Business Administration majoring in Accounting in December 1993 from the University of Hawaii at Manoa in the United States.

Report of the Directors

DIRECTORS (CONTINUED)

Mr. Yau 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 has been an associate member of the Hong Kong Institute of Certified Public Accountants since October 2004 and a practicing member of American Institute of Certified Public Accountants since July 2001. Mr. Yau has been also a fellow member of The Taxation Institute of Hong Kong since March 2010 and certified tax adviser of The Taxation Institute of Hong Kong since January 2011.

He is currently an executive director of Chinese Energy Holdings Limited (formerly known as iMerchants Limited) (stock code: 8009) and an independent non-executive director of Willie International Holdings Limited (stock code: 273), Tack Fiori International Group Limited (stock code: 928) and Enterprise Development Holdings Limited (stock code: 1808). Mr. Yau has been an independent non-executive director of Birmingham International Holdings Limited (stock code: 2309) from October 2007 to May 2014, all of which are companies listed on the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

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

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

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

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

In accordance with the Articles of Association of the Company and to comply with the Code Provisions, Mr. Wang Qiang, Mr. Yu Bin, Mr. William Robert Majcher, Mr. Lau Ling Tak and Mr. Yau Yan Ming Raymond shall retire from office at the forthcoming annual general meeting of the Company (the "2015 AGM") and, being eligible, offer themselves for re-election, at the 2015 AGM.

DIRECTORS' INTERESTS IN CONTRACT

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

NON-COMPETITION UNDERTAKING

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

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

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

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

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

b) in relation to each of the executive Directors, the date on which he ceases to be a Director.

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

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

➤ the independent non-executive Directors will review, on an annual basis, compliance with the deeds of non-competition by the relevant parties;

➤ the controlling Shareholders will enhance the transparency of the Company by providing an annual confirmation as to compliance with the deed of non-competition in the Company's annual report and provide the necessary information for the review by the independent non-executive Directors; and

➤ the Company will disclose result of the findings found (if any) by the independent non-executive Directors relating to the enforcement of the deeds of non-competition in the Company's annual report or, by way of an announcement to the public.

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

Report of the Directors

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

As at 31 March 2015, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Company

Name of Director and chief executive	Type of interests	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Ms. Ho Chiu Ha Maisy *(Note 1)*	Beneficial owner	336,000,000	–	15.14%
	Interest of a controlled corporation	89,062,500	140,000,000	10.32%
Mr. Wong Kam Wah *(Note2)*	Interest of a controlled corporation	520,000,000	–	23.42%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%
Mr. Wang Qiang	Beneficial owner	440,000,000	–	19.82%
Mr. Lau Ling Tak	Beneficial owner	3,937,500	–	0.18%

Note(s):

1. Ms. Ho Chiu Ha Maisy has a total interest in 565,062,500 shares/underlying shares (representing an aggregate of approximately 25.45% shareholding in the Company), of which (i) 89,062,500 shares were held by Refulgent Sunrise Limited, a company owned as to 36% by Ms. Ho Chiu Ha Maisy and it is an approximately 75% shareholder of Revenue Synthesis Limited, an associated corporation of the Company. As a result, Ms. Ho Chiu Ha Maisy is deemed to be interested in the approximately 75% shareholding in Revenue Synthesis Limited and the 89,062,500 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 336,000,000 shares; and (iii) 140,000,000 shares relate to her derivative interests in convertible bonds through her shareholding in Refulgent Sunrise Limited. Details of which are disclosed in "Convertible Bonds" below.

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

Long positions in the Company (continued)

2. These shares are registered in the name of Kate Glory Limited. Mr. Wong Kam Wah is the beneficial owner of 100% of the issued share capital of Kate Glory Limited. By virtue of the SFO, Mr. Wong Kam Wah is deemed to be interested in 520,000,000 shares held by Kate Glory Limited.

Convertible bonds

Name of bondholder	Date of issue	Conversion period	Conversion price per share	Outstanding as at the Latest Practicable Date	Number of underlying shares	Approximate percentage of the issued share capital of the Company
			HK$			
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	0.625	140,000,000	140,000,000	6.31%

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2015, so far as was known to the Directors, the following persons/ entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group were as follows:

Long positions in the Company

Name of shareholders	Capacity	Number of ordinary shares held	Number of underlying shares held	Approximate percentage of shareholding in the Company
Kate Glory Limited *(Note1)*	Beneficial owner	520,000,000	–	23.42%
Mr. Wong Kam Wah *(Note1)*	Interest of a controlled corporation	520,000,000	–	23.42%
Ms. Man Wing Yee Ginny	Beneficial owner	190,040,000	–	8.56%
Ms. Ho Chiu Ha Maisy *(Note 2)*	Beneficial owner/interest of a controlled corporation	336,000,000	229,062,500	25.45%
Mr. Tsang Yan *(Note 2)*	Interest of a controlled corporation	–	229,062,500	10.32%
Refulgent Sunrise Limited *(Note 2)*	Beneficial owner	89,062,500	140,000,000	10.32%
Mr. Wang Qiang	Beneficial owner	440,000,000	–	19.82%

Note:

1) Kate Glory Limited is an investment holding company incorporated in the British Virgin Islands ("BVI") with limited liability, its entire issued share capital is wholly and beneficially owned by Mr. Wong Kam Wah.

2) Refulgent Sunrise Limited is a company incorporated in BVI with limited liabilities and is owned as to 64% by Mr. Tsang Yan and 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy and Mr. Tsang Yan are deemed to be interested in this shareholding through Refulgent Sunrise Limited by virtue of the SFO. Ms. Ho Chiu Ha Maisy personally held 336,000,000 shares. Mr. Tsang Yan personally does not have any interest in shares.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Long positions in the Company (continued)

Save as disclosed above, as at 31 March 2015, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who is directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any member of the Group.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

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

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

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

Report of the Directors

CONNECTED TRANSACTIONS

Details of connected transactions under GEM Listing Rules during the Financial Year are set out in note 34 to the financial statements.

SHARE OPTION SCHEME

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

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

(i) any directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group (collectively "Employee");

(ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of the Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group; any customer of the Group; or any holder of securities issued by any member of the Group (collectively "Business Associate"); and

(iii) any other person, who at the sole discretion of the Board, has contributed to the Group (the assessment criteria of which are (1) such person's contribution to the development and performance of the Group; (2) the quality of work performed by such person for the Group; (3) the initiative and commitment of such person in performing his duties; (4) the length of service or contribution of such person to the Group; and (5) such other factors as considered to be applicable by the Board).

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

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

SHARE OPTION SCHEME (CONTINUED)

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

1. the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant of option (the "Date of Grant") which must be a trading day;

2. the average of the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the Date of Grant; and

3. the nominal value of the shares of the Company on the Date of Grant.

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

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

On 25 September 2014, the shareholders of the Company had approved the refreshment of the 10% scheme mandate limit on the grant of options under the Scheme. Options previously granted (if any) under the Scheme (including without limitation those outstanding, cancelled, lapsed or exercised in accordance with the Scheme) will not be counted for the purpose of calculating the scheme mandate limit as refreshed. Based on 2,220,000,000 shares of the Company in issue as at the date of refreshment, the Directors were authorised to issue options to subscribe for a total of 222,000,000 shares of the Company, representing 10% of the total number of shares of the Company in issue as at the date of refreshment.

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

Report of the Directors

SHARE OPTION SCHEME (CONTINUED)

On 17 September 2014, the Board resolved to approve a grant of options the ("Options") to selected individuals as a reward for their contributions to the Company. A total of 154,000,000 Options has been approved and granted (subject to acceptance) to the individuals on the same day, by issuing an offer letter to respective grantees (the "Grantees"). As a token of recognising the Grantees contributions to the Company and as encouragement for their continuing efforts, the Board determined the amount payable by the Grantees upon acceptance of the Options, whether in whole or in part, is HK$1.00 (the "Option Price") which is not refundable. The determination of the Option Price is in accordance with the terms of the Share Option Scheme. Besides, the Grantees have been given a period of 6 months to decide whether to accept the Options by no later than 16 March 2015. (the "Acceptance Period")

Regarding the Acceptance Period, under clause 4.2 of the Share Option Scheme, the Board could accord its discretion, determine certain terms of the Options, inter alia, acceptance period which should be within 10 business days. However, clause 12 of the Share Option Scheme permits the Board to amend, in its absolute discretion, any terms of the Share Option Scheme to the extent permitted by law and the GEM Listing Rules provided that the amendment does not fall into any items which need prior approval of the shareholders of the Company in general meeting, as below:

1. any of the provisions of the Share Option Scheme relating to matters contained in Rule 23.03 of the GEM Listing Rules to the advantage of the Grantees;

2. any terms and conditions of the Share Option Scheme which are of a material nature or any terms of Options granted except where such alternation take effect automatically under the existing terms of the Share Option Scheme; and

3. any provisions on the authority of the Board in relation to any alternation to the terms of the Share Option Scheme.

The Board, having sought legal advice from the Company's legal adviser, considers the Acceptance Period (i) will not have material effects to the operation and financial of the Group; (ii) does not fall into any items stipulated in Rule 23.03 of the GEM Listing Rules; and (iii) the Acceptance Period will not cause advantage to the Grantees. As such, the Acceptance Period does not fall into any of the factors as set out in clause 12.2 of the Share Option Scheme and the GEM Listing Rules as afore-mentioned and the grant of Options is therefore considered valid.

As at the date of expiry of the Acceptance Period on 16 March 2015, there were a total of 6 Grantees (the "Accepted Gurantees") accepted an aggregate of 15,000,000 Options. Among the 6 Accepted Grantees, 4 of them had accepted the Options on 23 September 2014 and 2 of the Accepted Grantees had accepted the Options on 24 September 2014. The Option Price had been received by the Company accordingly.

Details of the Company's share option scheme and the movement in the outstanding share options during the Financial Year and set out in note 32 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 12 to 24 is this annual report.

AUDITORS

The consolidated financial statements for the years ended 31 March 2014 and 2015 were audited by HLB Hodgson Impey Cheng Limited who will retire at the conclusion of the forthcoming annual general meeting and being eligible offer themselves for re-appointment. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Chanceton Financial Group Limited
Ho Chiu Ha Maisy
Chairman and Executive Director

Hong Kong, 30 June 2015

Independent Auditors' Report

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

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CHANCETON FINANCIAL GROUP LIMITED
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Chanceton Financial Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 122, which comprise the consolidated and the company statements of financial position as at 31 March 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY (CONTINUED)

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2015, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Wong Sze Wai, Basilia
Practising Certificate Number: P05806

Hong Kong, 30 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
Revenue	8	**8,666**	10,400
Other gains and losses	8	**1,020**	(1,208)
Administrative and operating expenses		**(13,546)**	(11,559)
Impairment loss recognised in respect of available-for-sale financial assets		**(11,000)**	–
Impairment loss recognised in respect of interest in an associate		**–**	(66,088)
Impairment loss recognised in respect of trade receivables		**(405)**	–
Change in fair value of contingent consideration payable		**–**	4,487
Gain on cancellation of contingent consideration payable		**–**	64,258
Finance cost	9	**(5,179)**	(4,813)
Share of results of an associate	18	**(21,972)**	(15,385)
Loss before tax	10	**(42,416)**	(19,908)
Income tax	13	**689**	(1,815)
Loss for the year		**(41,727)**	(21,723)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Share of changes in other comprehensive loss in an associate	18	**(2)**	(10)
Other comprehensive loss for the year		**(2)**	(10)
Total comprehensive loss for the year		**(41,729)**	(21,733)
Loss for the year attributable to:			
Owners of the Company		**(41,727)**	(21,723)
Total comprehensive loss attributable to owners of the Company for the year		**(41,729)**	(21,733)
Loss per share			
Basic and diluted (HK cents)	16	**(1.88)**	(0.98)

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

Consolidated Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Plant and equipment	17	**33**	96
Interest in an associate	18	**180,026**	202,000
Available-for-sale financial assets	22	**10,000**	–
		190,059	202,096
Current assets			
Trade receivables	20	**945**	1,178
Financial assets at fair value through profit or loss	21	**2,534**	342
Prepayments, deposits and other receivables	23	**531**	571
Amounts due from related companies	24	**52**	118
Tax recoverable		**304**	–
Cash and cash equivalents	25	**19,042**	45,001
		23,408	47,210
Less: Current liabilities			
Other payables and accruals	26	**781**	604
Tax payable		**–**	566
		781	1,170
Net current assets		**22,627**	46,040
Total assets less current liabilities		**212,686**	248,136
Less: Non-current liabilities			
Convertible bond	28	**71,597**	66,418
Deferred tax liabilities	29	**2,624**	3,478
		74,221	69,896
Net assets		**138,465**	178,240
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	**22,200**	22,200
Reserves		**116,265**	156,040
Total equity		**138,465**	178,240

Approved by the Board on 30 June 2015 and signed on its behalf by:

Mr. Wong Kam Wah
Director

Mr. Lau Ling Tak
Director

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

Statement of Financial Position

As at 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Investment in subsidiaries	19	**21**	21
Amount due from a subsidiary	19	**190,019**	169,019
		190,040	169,040
Current assets			
Prepayments, deposits and other receivables	23	**–**	50
Cash and cash equivalents	25	**16,337**	43,448
		16,337	43,498
Less: Current liabilities			
Other payables and accruals	26	**548**	386
Amounts due to subsidiaries	19	**6,440**	9,672
		6,988	10,058
Net current assets		**9,349**	33,440
Total assets less current liabilities		**199,389**	202,480
Less: Non-current liabilities			
Convertible bond	28	**71,597**	66,418
Deferred tax liabilities	29	**2,624**	3,478
		74,221	69,896
Net assets		**125,168**	132,584
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	**22,200**	22,200
Reserves	31	**102,968**	110,384
Total equity		**125,168**	132,584

Approved by the Board on 30 June 2015 and signed on its behalf by:

Mr. Wong Kam Wah
Director

Mr. Lau Ling Tak
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 March 2015

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note (i))	Exchange translation reserve HK$'000 (Note (ii))	Convertible bond reserve HK$'000 (Note (iii))	Share option reserve HK$'000 (Note (iv))	Retained profits/ (accumulated losses) HK$'000	Total equity HK$'000
As at 1 April 2013	5,550	140,781	26,360	(3)	22,856	–	(1,469)	194,075
Loss for the year	–	–	–	–	–	–	(21,723)	(21,723)
Other comprehensive loss for the year, net of income tax	–	–	–	(10)	–	–	–	(10)
Total comprehensive loss for the year	–	–	–	(10)	–	–	(21,723)	(21,733)
Issue of bonus shares	16,650	(16,650)	–	–	–	–	–	–
Cancellation of contingent consideration payable	–	–	(25,831)	–	–	–	31,729	5,898
As at 31 March 2014 and 1 April 2014	22,200	124,131	529	(13)	22,856	–	8,537	178,240
Loss for the year	–	–	–	–	–	–	(41,727)	(41,727)
Other comprehensive loss for the year	–	–	–	(2)	–	–	–	(2)
Total comprehensive loss for the year	–	–	–	(2)	–	–	(41,727)	(41,729)
Recognition of equity-settled share-based payments	–	–	–	–	–	1,954	–	1,954
As at 31 March 2015	**22,200**	**124,131**	**529**	**(15)**	**22,856**	**1,954**	**(33,190)**	**138,465**

Notes:

(i) For the year ended 31 March 2013, the amount represented the equity component of the contingent consideration payable. On 10 January 2014, Refulgent Sunrise Limited, the vendor to the acquisition of acquired immune deficiency syndrome ("AIDS") mediation business of the Group, has forfeited all its rights to the convertible bond of principal amounting to HK$100,000,000 as the second milestone of the AIDS medication business could not be completed on or before the agreed date of 31 March 2014 as disclosed in the announcements of the Company dated 24 August 2012 and 5 December 2012. For the year ended 31 March 2014, the amount represented the cancellation of the equity component of the contingent consideration payable after adjusted for the deferred tax.

(ii) The amount represented the share of changes in other comprehensive income in an associate which is the exchange differences relating to the translation of the net assets of the associate's foreign operations from their functional currencies to the associate's presentation currency.

(iii) The amount represented the equity component of the First Convertible Bond issued during the year ended 31 March 2013 (Note 28).

(iv) The amount represented the equity-settled share-based payments recognised during the year ended 31 March 2015.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(42,416)**	(19,908)
Adjustments for:			
Bank interest income		**–**	(1)
Depreciation		**63**	77
Changes in fair value of contingent consideration payable	27	**–**	(4,487)
Net gain on disposal of financial assets at fair value through profit or loss		**(136)**	1,578
Fair value change on financial assets at fair value through profit or loss		**(693)**	(214)
Impairment recognised in respect of interest in an associate		**–**	66,088
Impairment recognised in respect of available-for-sale financial assets	22	**11,000**	–
Impairment loss recognised in respect of trade receivables	20	**405**	–
Gain on cancellation of contingent consideration payable	27	**–**	(64,258)
Share option received for services rendered to a client		**(2,302)**	–
Recognition of equity-settled share-based payments		**1,954**	–
Share of results of an associate	18	**21,972**	15,385
Finance cost	9	**5,179**	4,813
Operating cashflow before movements in working capital		**(4,974)**	(927)
Increase in trade receivables		**(172)**	(5,312)
Decrease/(increase) in prepayments, deposits and other receivables		**40**	(172)
Decrease/(increase) in amounts due from related companies		**66**	(56)
Increase/(decrease) in other payables and accruals		**177**	(127)
Cash used in operations		**(4,863)**	(6,594)
Hong Kong tax paid		**(1,035)**	(350)
Net cash outflow from operating activities		**(5,898)**	(6,944)

Consolidated Statement of Cash Flows

For the year ended 31 March 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**–**	1
Purchases of plant and equipment		**–**	(80)
Purchases of financial assets at fair value through profit or loss		**–**	(200)
Payments for acquisition of financial assets at fair value through profit or loss		**(970)**	–
Net proceeds from disposal of financial assets at fair value through profit or loss		**1,909**	3,414
Payment for acquisition of available-for-sale financial assets		**(21,000)**	–
Payment for acquisition of additional interest in an associate		**–**	(48,000)
Net cash outflow from investing activities		**(20,061)**	(44,865)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(25,959)**	(51,809)
Cash and cash equivalents at beginning of year		**45,001**	96,810
CASH AND CASH EQUIVALENTS AT END OF YEAR		**19,042**	45,001
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**19,042**	45,001

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

1. CORPORATE INFORMATION

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

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

The Company acts as an investment holding company.

On 5 January 2015, the Company announced that Kate Glory Limited ("Kate Glory"), the controlling shareholder of the Company and wholly owned by Mr. Wong Kam Wah, entered into a sale and purchase agreement with Mr. Wang Qiang ("Mr. Wang") pursuant to which Kate Glory agreed to sell and Mr. Wang agreed to purchase 440,000,000 shares in the Company that representing approximately 19.82% of the issued share capital of the Company that upon the completion, Kate Glory reduced its interest of the Company from 43.24% to 23.42%.

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

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

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial period beginning 1 April 2014. A summary of the new HKFRSs are set out as below:

HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*

The amendments to HKFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its financial statements.

To qualify as an investment entity, a reporting entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to HKFRS 12 and HKAS 27 to introduce new disclosure requirements for investment entities.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

Amendments to HKAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to HKAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative hedging instrument arising from the novation should be included in the assessment of hedge effectiveness.

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

HK (IFRIC) – Int 21 *Levies*

HK (IFRIC) – Int 21 Levies addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of the above new and revised HKFRSs had no material impact on the Group's consolidated financial performance and positions for the current and prior years. Accordingly, no prior period adjustments had been required.

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

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[2]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[1]
HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[3]
HKFRS 9	Financial Instruments[5]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 10, HKFRS 12 and HKAS 28 (2011) (Amendments)	Investment Entities: Applying the Consolidation Expection[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[3]
HKFRS 14	Regulatory Deferral Accounts[6]
HKFRS 15	Revenue from Contracts with Customers[4]
HKAS 1 (Amendments)	Disclosure Initiatives[3]
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plant[3]
HKAS 19 (2011) (Amendments)	Defined Benefits Plans: Employee Contribution[1]
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements[3]

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 annual periods beginning on or after 1 January 2016, with earlier application permitted

4 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

5 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

6 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier applications permitted

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

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

HKFRS 9 *Financial Instruments* (continued)

- 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 anticipate that the adoption of HKFRS 9 in the future may have an impact on the amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Amendments to HKFRS 10 and HKAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to HKAS 28:

- The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

- A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements.

- A requirement has been added that an entity needs to consider whether assets that are sold or contributed in separate transactions constitute a business and should be accounted for as a single transaction.

Amendments to HKFRS 10:

- An exception from the general requirement of full gain or loss recognition has been introduced into HKFRS 10 for the loss control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

- New guidance has been introduced requiring that gains or losses resulting from those transactions are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement at fair value of investments retained in any former subsidiary that has become an associate or a joint venture that is accounted for using the equity method are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) *Investment Entities: Applying the Consolidation Exception*

The narrow-scope amendments to HKFRS 10, HKFRS 12 and HKAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

Amendments to HKFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

HKFRS 14 *Regulatory Deferral Accounts*

HKFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous Generally Accepted Accounting Principles ("GAAP") requirements when they adopt HKFRS. However, to enhance comparability with entities that already apply HKFRS and do not recognise such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents HKFRS financial statements is not eligible to apply the standard.

The amendments are effective for annual periods beginning on or after 1 January 2016 with earlier application permitted.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

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

HKFRS 15 *Revenue from Contracts with Customers* (continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 are designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures.

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*

The amendments to HKAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

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

Amendments to HKAS 16 and HKAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation* (continued)

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

Amendments to HKAS 16 and HKAS 41 *Agriculture: Bearer Plants*

The amendments to HKAS 16 and HKAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

Amendments to HKAS 19 Defined Benefit Plans: *Employee Contributions*

The amendments to HKAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

Amendments to HKAS 27 *Equity Method in Separate Financial Statements*

The amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements

- At cost

- In accordance with HKFRS 9 *Financial Instruments* (or HKAS 39 *Financial Instruments: Recognition and Measurement* for entities that have not yet adopted HKFRS 9), or

- Using the equity method as described in HKAS 28 *Investments in Associates and Joint Ventures.*

The accounting option must be applied by category of investments.

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

Amendments to HKAS 27 *Equity Method in Separate Financial Statements* (continued)

The amendments also clarify that when a parent ceases to be an investment entity, or becomes an investment entity, it shall account for the change from the date when the change in status occurred.

In addition to the amendments to HKAS 27, there are consequential amendments to HKAS 28 to avoid a potential conflict with HKFRS 10 *Consolidated Financial Statements and to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards*.

Annual Improvements to HKFRSs *2010-2012 Cycle*

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

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

Annual Improvements to HKFR*Ss 2010-2012 Cycle* (continued)

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

Annual Improvements to HKFR*Ss 2011-2013 Cycle*

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

a) the property meets the definition of investment property in terms of HKAS 40; and

b) the transaction meets the definition of a business combination under HKFRS 3.

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

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

Annual Improvements to HKFR*Ss 2012-2014 Cycle*

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 introduce specific guidance in HKFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution accounting is discontinued. The amendments apply prospectively.

The amendments to HKFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets and clarify that the offsetting disclosures (introduced in the amendments to HKFRS 7 *Disclosure – Offsetting Financial Assets and Financial Liabilities* issued in December 2011 and effective for periods beginning on or after 1 January 2013) are not explicitly required for all interim periods. However, the disclosures may need to be included in condensed interim financial statements to comply with HKAS 34 *Interim Financial Reporting*.

The amendments to HKAS 19 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefits should be issued in the same currency as the benefits to be paid. These amendments would result in the depth of the market for high quality corporate bonds being assessed at currency level. The amendments apply from the beginning of the earliest comparative period presented in the financial statements in which the amendments are first applied. Any initial adjustment arising should be recognised in retained earnings at the beginning of that period.

The amendments to HKAS 34 clarify the requirements relating to information required by HKAS 34 that is presented elsewhere within the interim financial report but outside the interim financial statements. The amendments require that such information be incorporated by way of a cross-reference from the interim financial statements to the other part of the interim financial report that is available to users on the same terms and at the same time as the interim financial statements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at 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 Level 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) 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 for the year ended 31 March 2015. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. 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.

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For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combination

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combination (continued)

Contingent consideration

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

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

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

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goodwill

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

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

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

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Investments in associates (continued)

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of tangible and intangible assets other than goodwill

At the end of each 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 the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition

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

a) Income from provision of corporate finance advisory service:

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

(b) Management service fee income:

Management service fee income is recognised when services are rendered.

(c) Interest income:

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

(i) Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Plant and equipment (continued)

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

Furniture, fixtures and equipment:	20% – 40%

Where parts of an item of plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

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

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

(j) Leasing

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

The Group as lessee

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leasing (continued)

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.

(k) Foreign currencies

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

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of the 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; 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies (continued)

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 expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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

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

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

(l) Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 32.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Share-based payment transactions (continued)

Share-based payment transactions of the Company (continued)

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

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

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

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

(m) Taxation

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

Current tax

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (continued)

Deferred tax

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

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

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

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

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

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (continued)

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(n) Financial instruments

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

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

Financial assets

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

Effective interest method

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

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 5.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary asset. Other foreign exchange gains and losses are recognised in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amount due from a related company and cash and cash equivalents) 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 of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 included:

- 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-orgnisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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 estimated future cash flows, discounted at the financial asset's original effective interest rate.

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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 costs.

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

Convertible bonds

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Other financial liabilities

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

Effective interest method

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

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

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Derecognition (continued)

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.

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.

(o) Provisions

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Cash and cash equivalents

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

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

(q) Employee benefits

Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

(r) Related parties

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

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

  (a) has control or joint control over the Group;

  (b) has significant influence over the Group; or

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Related parties (continued)

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

(a) 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).

(b) 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).

(c) the entity and the Group are joint ventures of the same third party.

(d) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(f) the entity is controlled or jointly controlled by a person identified in (i).

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

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

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

(s) Dividends

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

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

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

Critical judgements in applying accounting policies

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

(a) Impairment of loan and receivables

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical accounting estimates and assumptions

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

(a) Useful lives and impairment of plant and equipment

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

(b) Income tax

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

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical accounting estimates and assumptions (continued)

(d) Impairment for interest in an associate

The Group completed its impairment test for interest in an associate by comparing the recoverable amount of interest in an associate to its carrying amount as at 31 March 2015. The Group has engaged an independent valuer to carry out a valuation of the interest in an associate as at 31 March 2015 based on the value in use calculations.

Management has considered the assumptions and valuation and also taken into account the business plan going forward. The valuation depends upon an estimate of future cash flows from the interest in an associate and other key assumptions, which are based on the directors' best estimates. The valuation is sensitive to those parameters. Changes in these parameters could lead to a material revision of the valuation which may have effects on the net assets and results of the Group.

(e) Impairment of AFS financial assets

Management reviews the recoverability of the Group's AFS financial assets with reference to current market environment whenever events or changes in circumstances indicate that the carrying amounts of the assets exceeds their corresponding recoverable amounts. Appropriate impairment for estimated irrecoverable amounts is recognised in profit or loss when there is objective evidence that the asset is impaired.

In determining whether impairment on AFS financial assets is required, the Group takes into consideration the current market environment and the estimates of future cash flows which the Group expects to receive. Impairment is recognised based on the present value of estimated future cash flows. If the market environment/circumstances changes significantly, resulting in a decrease in the recoverable amount of these AFS financial assets, additional impairment loss may be required.

(f) Fair value of AFS financial assets

The Group's AFS financial assets which are not traded in active market is determined by valuation techniques. In determining the fair value, the independent professional valuers have based on method of valuation which involves certain estimates. In relying on the valuation reports, the management of the Group has exercised its judgement and is satisfied that the method of valuation is reflective of the current market conditions, as detailed in Note 5c and 22. Should there be changes in assumptions due to change in market conditions, the fair value of the AFS financial assets will change in future.

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For the year ended 31 March 2015

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

The Group

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Financial assets at FVTPL	**2,534**	342
AFS financial assets	**10,000**	–
Loan and receivables (including cash and bank balances)		
– Trade receivables	**945**	1,178
– Deposits and other receivables	**494**	390
– Amounts due from related companies	**52**	118
– Cash and cash equivalents	**19,042**	45,001
	33,067	47,029

	2015	2014
	HK$'000	*HK$'000*
Financial liabilities		
Amortised costs		
– Other payables and accruals	**781**	604
– Convertible bond	**71,597**	66,418
	72,378	67,022

The Company

	2015	2014
	HK$'000	*HK$'000*
Financial assets		
Amount due from a subsidiary	**190,019**	169,019
Cash and cash equivalent	**16,337**	43,448
	206,356	212,467
Financial liabilities		
Amortised costs		
– Other payables and accruals	**548**	386
– Amounts due to subsidiaries	**6,440**	9,672
– Convertible bond	**71,597**	66,418
	78,585	76,476

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at FVTPL, AFS financial assets, trade and other receivables, amounts due from related companies, cash and cash equivalents, other payables and accruals and convertible bond. The main purpose of these financial instruments is to finance the Group's operations.

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

Credit risk

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

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

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, financial assets at FVTPL, amounts due from related companies and financial assets included in deposits and other receivables are disclosed in Notes 20, 24 and 23, respectively.

Price risk

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated statement of financial position as financial assets at FVTPL and AFS financial assets. To manage its price risk arising from investments in equity securities, the Group monitors the price risk and will consider hedging the risk exposure should the need arise.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk at the reporting date:

If the equity prices had been 5% higher or lower:

– Loss before tax for the year ended 31 March 2015 would increase or decrease by approximately HK$127,000 (2014: approximately HK$17,000). This is mainly due to change in fair value of FVTPL.

– Loss before tax for the year ended 31 March 2015 would increase or decrease by approximately HK$500,000. This is mainly due to change in fair value of AFS financial assets.

The Group's sensitivity to price risk have increased during the year mainly due to the increase in investments in financial assets at FVTPL and AFS financial assets.

Liquidity risk

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

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Liquidity risk (continued)

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

The Group

31 March 2015

	Weighted average effective interest rate	**Repayable on demand or within 1 year**	**2 to 5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Total carrying amount**
	%	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Non-derivative financial liabilities						
Financial liabilities included in other payables and accruals	**–**	**781**	**–**	**–**	**781**	**781**
Convertible bond	**7.80**	**–**	**87,500**	**–**	**87,500**	**71,597**
		781	**87,500**	**–**	**88,281**	**72,378**

31 March 2014

	Weighted average effective interest rate	Repayable on demand or within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-derivative financial liabilities						
Financial liabilities included in other payables and accruals	–	604	–	–	604	604
Convertible bond	7.80	–	87,500	–	87,500	66,418
		604	87,500	–	88,104	67,022

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Liquidity risk (continued)

The Company

31 March 2015

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Financial liabilities included in other payables and accruals	–	548	–	–	548	548
Convertible bond	7.80	–	87,500	–	87,500	71,597
Amounts due to subsidiaries	–	6,440	–	–	6,440	6,440
		6,988	87,500	–	94,488	78,585

31 March 2014

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Non-derivative financial liabilities						
Financial liabilities included in other payables and accruals	–	386	–	–	386	386
Convertible bond	7.80	–	87,500	–	87,500	66,418
Amounts due to subsidiaries	–	9,672	–	–	9,672	9,672
		10,058	87,500	–	97,558	76,476

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation

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

(i) the fair value of financial assets and financial liabilities (including derivative instruments) with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

(ii) the fair value of other financial assets and financial liabilities (including derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

(iii) the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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

31 March 2015

	Carrying amount *HK$'000*	**Fair value** *HK$000*
Financial liabilities		
Convertible bond	**71,597**	**73,284**

31 March 2014

	Carrying amount *HK$'000*	Fair value *HK$000*
Financial liabilities		
Convertible bond	66,418	68,403

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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

31 March 2015

	Level 1 *HK$'000*	**Level 2** *HK$'000*	**Level 3** *HK$'000*	**Total** *HK$'000*
Financial assets				
Financial assets at FVTPL	**–**	**–**	**2,534**	**2,534**
AFS financial assets	**–**	**10,000**	**–**	**10,000**
	–	**10,000**	**2,534**	**12,534**

31 March 2014

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets				
Financial assets at FVTPL	342	–	–	342

There were no transfers between Level 1, 2 and 3 during the years.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL *HK$'000*
As at 1 April 2014	–
Share options granted by customer	2,302
Unrealised gain recognised in profit or loss	693
Disposal	(461)
As at 31 March 2015	**2,534**

Reconciliation of Level 3 fair value measurements of financial liabilities

	Contingent consideration payable *HK$'000*
As at 1 April 2013	68,745
Fair value gain recognised in profit or loss	(4,487)
Arising from cancellation of contingent consideration payable	(64,258)
As at 31 March 2014, 1 April 2014 and 31 March 2015	**–**

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets and liabilities	Fair value as at **31 March 2015**	Fair value as at 31 March 2014	Fair value hierarchy	Valuation techniques and key inputs
1) Financial assets at FVTPL *(Note 21)*	**Listed share options in Hong Kong: HK$2,534,000**	Listed equity securities in Hong Kong: HK$342,000	2015: Level 3 2014: Level 1	2015: Binominal option pricing model 2014: Quoted bid prices in an active market
2) AFS financial assets *(Note 22)*	**20 percent equity investment in Bao Sheng Ventures Limited which held 3.5 percent in Lovonko Co Ltd. engaged in exploration, utilisation and trading of mining resource**	N/A	Level 2	As set out in Note 22
3) Contingent consideration payable *(Note 27)*	**N/A**	N/A	Level 3	As set out in Note 27

6. CAPTIAL RISK MANAGEMENT

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

6. CAPTIAL RISK MANAGEMENT (CONTINUED)

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

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

	2015	2014
	HK$'000	*HK$'000*
Total debts#	**71,597**	66,418
Total equity	**138,465**	178,240
Gearing ratio	**51.71%**	37.26%

Total debts represent the convertible bond.

7. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performances focuses on corporate finance advisory business. During the years ended 31 March 2015 and 2014, the Group only focuses on corporate finance advisory business and the major revenue are derived in Hong Kong.

Information about major clients

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

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Customer A	**3,307**	N/A
Customer B	**2,150**	–
Customer C	**–**	3,410
Customer D	**N/A**	1,510
Customer E	**–**	1,200

Note: N/A is represented the customer contributed less than 10% of the total revenue of the Group during the year.

7. SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are located in Hong Kong.

For the years ended 31 March 2015 and 2014, all of the Group's revenue are derived from Hong Kong. The following is an analysis of the carrying amount of segment assets analysed by the geographical area in which the assets are located:

	Non-current assets	
	2015	2014
	HK$'000	*HK$'000*
The PRC	**180,026**	202,000
Hong Kong	**10,033**	96
	190,059	202,096

8. REVENUE AND OTHER GAINS AND LOSSES

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

Other gains/(losses) received during the years are as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Management fee income	**52**	49
Bank interest income	**–**	1
Sundry income	**139**	106
Unrealised gain on financial assets at FVTPL	**693**	214
Realised gain/(loss) on financial assets at FVTPL	**136**	(1,578)
	1,020	(1,208)

9. FINANCE COST

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Imputed interest on convertible bond *(Note 28)*	**5,179**	4,813

10. LOSS BEFORE TAX

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

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Depreciation	**63**	77
Auditors' remuneration	**400**	320
Minimum lease payments under operation leases:		
– Property rental	**867**	815
Equity settled share-based payments expense	**1,954**	–
Employee benefit expenses (including directors' emoluments) *(Note 11)*		
– Wages, salaries, allowances and bonuses	**6,192**	5,209
– Pension scheme contributions	**197**	192
	6,389	5,401

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of directors' remuneration are as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Fee	**540**	540
Other emoluments:		
Salaries, allowances, bonuses and benefits in kind payment expenses	**3,000**	2,195
Pension scheme contributions (defined contribution scheme)	**109**	101
	3,649	2,836

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For the year ended 31 March 2015

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

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

	Fee		Salaries		Other benefits		Pension scheme contributions		Total remuneration	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
Name of directors	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Executive directors										
Ms. Ho Chiu Ha Maisy *(Chairman)* (appointed on 8 July 2013)	**–**	–	**300**	220	**–**	–	**15**	11	**315**	231
Mr. Wang Qiang *(Chief Executive Officer) (Note (b))*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Mr. Wong Kam Wah ("Mr. Wong") *(Note (a))*	**–**	–	**1,200**	955	**500**	–	**17**	15	**1,717**	970
Mr. Tsang Yan (appointed on 8 July 2013 and retired on 20 August 2014)	**–**	–	**100**	220	**–**	–	**5**	11	**105**	231
Mr. Leung Man Kit	**–**	–	**300**	300	**–**	–	**15**	15	**315**	315
Mr. Lau Ling Tak	**–**	–	**300**	270	**–**	–	**15**	13	**315**	283
Ms. Man Wing Yee Ginny *(Note (c))*	**–**	–	**300**	230	**–**	–	**15**	9	**315**	239
Mr. Yu Bin (appointed on 13 May 2015)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
	–	–	**2,500**	2,195	**500**	–	**82**	74	**3,082**	2,269
Non-executive director										
Ms. Man Wing Yee Ginny *(Note (c))*	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Independent-non-executive directors										
Mr. Chiu Chi Kong	**180**	180	**–**	–	**–**	–	**9**	9	**189**	189
Mr. William Robert Majcher	**180**	180	**–**	–	**–**	–	**9**	9	**189**	189
Mr. Yau Yan Ming Raymond	**180**	180	**–**	–	**–**	–	**9**	9	**189**	189
	540	540	**–**	–	**–**	–	**27**	27	**567**	567

Notes:

(a) Mr. Wong was appointed as executive director and chief executive officer on 20 April 2011 and retired as chief executive officer on 13 May 2015.

(b) Mr. Wang Qiang was appointed as executive director on 7 January 2015 and appointed as chief executive officer on 13 May 2015.

(c) Ms. Man Wing Yee Ginny was appointed as non-executive director on 21 February 2012 and re-designated as executive director on 25 June 2014.

No remuneration was paid or payable by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2014: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: Nil).

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one executive director (2014: one) whose emoluments were reflected in the analysis presented in Note 11 to the consolidated financial statements. The emoluments of the remaining four individuals (2014: four) were as follows:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Salaries	**1,293**	1,247
Allowances and bonuses	**700**	507
Pension scheme contributions (defined contribution scheme)	**61**	56
	2,054	1,810

The emoluments of the four (2014: four) individuals who are non-directors, with the highest emoluments are within the following band:

	Number of individuals Year ended 31 March	
	2015	2014
Nil to HK$1,000,000	**4**	4

No emoluments were paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2014: Nil).

There was no arrangement under which the five highest paid individuals waived or agreed to waive any remuneration during the year (2014: Nil).

13. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2014: 16.5%) of the estimated assessable profit arising in Hong Kong during the year.

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Current tax	**165**	506
Under-provision in prior year	**–**	1,363
Deferred tax *(Note 29)*	**(854)**	(54)
	(689)	1,815

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

	Year ended 31 March			
	2015		2014	
	HK$'000	**%**	*HK$'000*	%
Loss before tax	**(42,416)**		(19,908)	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	**(6,998)**	**16.5**	(3,285)	16.5
Tax effect of expenses not deductible for tax purposes	**5,612**	**(13.2)**	10,266	(51.6)
Tax effect of taxable temporary difference not recognised	**(135)**	**0.3**	(10,594)	53.2
Tax effect of tax losses not recognised	**832**	**(2)**	4,065	(20.4)
Under-provision in prior year	**–**	**–**	1,363	(6.8)
Tax (credit)/expenses for the year	**(689)**	**1.6**	1,815	(9.1)

14. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the years ended 31 March 2015 includes a loss of approximately HK$9,370,000 (2014: approximately HK$40,440,000) which has been dealt with in the financial statements of the Company.

15. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 March 2015 (2014: Nil).

16. LOSS PER SHARE

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

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	**(41,727)**	(21,723)

	Year ended 31 March	
	2015	2014
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,220,000**	2,220,000

During the year ended 31 March 2015, the Company's outstanding convertible bond and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond and share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

During the year ended 31 March 2014, the Company's outstanding convertible bond was not included in the calculation of diluted loss per share because the effect of the Company's outstanding convertible bond was anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

17. PLANT AND EQUIPMENT

The Group

	Furniture, fixtures and equipment *HK$'000*
Cost	
As at 1 April 2013	404
Additions	80
As at 31 March 2014 and 1 April 2014	484
Additions	–
As at 31 March 2015	484
Accumulated depreciation	
As at 1 April 2013	311
Charge for the year	77
As at 31 March 2014 and 1 April 2014	388
Charge for the year	63
As at 31 March 2015	451
Net book value	
As at 31 March 2015	**33**
As at 31 March 2014	96

18. INTEREST IN AN ASSOCIATE

The Group

On 24 August 2012, a wholly owned subsidiary of the Company entered into a sale and purchase agreement with independent third parties to acquire 20% equity interest in Revenue Synthesis. The acquisition was completed on 5 December 2012. On 13 June 2014, the Group further increased its shareholding up to 25% by acquiring and subscribing approximately 5% equity interest at a cash consideration of HK$48,000,000.

Details of the Group's interest in an associate is set out below:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Unlisted shares, at cost	**288,930**	288,930
Share of post-acquisition loss and other comprehensive loss	**(42,816)**	(20,842)
	246,114	268,088
Less: impairment loss recognised in respect to interest in an associate	**(66,088)**	(66,088)
	180,026	202,000

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statement:

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Net assets of an associate	**808,628**	896,523
Proportion of the Group's ownership interest	**25%**	25%
Share of net assets of an associate	**202,157**	224,131
Goodwill	**46,715**	46,715
Movement of reserves in an associate*	**(2,758)**	(2,758)
Impairment recognised	**(66,088)**	(66,088)
Carrying amount of an associate	**180,026**	202,000

* These exclude those reserves movement included in other comprehensive income of an associate.

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group (Continued)

(A) The following list contains only the particular of associate, which is an unlisted corporate entity, which principally affected the results or assets of the Group:

Name of associate	Form of entity	Place of incorporation	Fully paid share capital	Principal place of operation	Class of shares held	Proportion of nominal value of issued share capital held	Proportion of voting power held	Principal activity
Revenue Synthesis	Incorporated	British Virgin Islands	US$101	Hong Kong and the People's Republic of China	Ordinary	25%	25%	Investment holding

Note: As at 31 March 2015 and 2014, Revenue Synthesis owned 北京世紀康醫藥科技開發有限公司 which engaged in business research and development of the AIDS medication capsule.

The associate is accounted for using the equity method in these consolidated financial statements.

(B) Total consideration satisfied by:

	Fair value *HK$'000*
Consideration shares *(Note a)*	**53,750**
First tranche of convertible bond *(Note b)*	**87,486**
Contingent consideration payable *(Note c)*	**99,694**
Cash consideration *(Note d)*	**48,000**
	288,930

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group (Continued)

(B) Total consideration satisfied by: (Continued)

Notes:

a) The Company issued 25,000,000 consideration shares of HK$0.01 each at a price of HK$2.15 per share on 5 December 2012.

b) On 23 September 2012, the date of the completion of the phase which can illustrate the AIDS medication capsule has significant effect on suppressing the viral replication of Human immunodeficiency virus ("HIV")/AIDS virus and is effective and safe for HIV/AIDS therapy ("Phase IIa"). The Company satisfied the results of Phase IIa on 5 December 2012. On that date, first tranche of convertible bond with principal amount of HK$87,500,000 with five year maturity at zero coupon ("First Convertible Bond") was issued as part of the consideration and was classified into liability component of approximately HK$60,111,000 and equity component of approximately K$27,375,000 (Note 28).

c) Contingent consideration payable represents the tranche of convertible bond with principal amount of HK$100,000,000 with five year maturity at zero coupon, which will be issued upon a completion of Phase IIb. At the date of acquisition, the fair value of the convertible bond was as part of the consideration and was classified into liability component as contingent consideration payable of approximately HK$68,698,000 under current liabilities and equity component of approximately HK$30,996,000 (Note 27).

d) On 9 May 2013, Mysteriously Time Investments Limited, a subsidiary of the Group, entered into an acquisition and subscription agreement with vendor in relation to the subscription of approximately 5% of the equity interest in Revenue Synthesis at a cash consideration of HK$48,000,000.

e) On 10 January 2014, the date of cancellation of contingent consideration payable, the tranche of convertible bond with principal amount of HK$100,000,000 was cancelled due to Phase IIb of the AIDS medication business could not be completed on or before the agreed date of 31 March 2014. The liability component of approximately HK$64,258,000 was recognised in profit or loss as gain on cancellation of contingent consideration payable (Note 27).

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group (Continued)

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

	Revenue Synthesis Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Current assets	**215**	3,606
Non-current assets	**1,088,665**	1,198,239
Current liabilities	**(8,963)**	(6,427)
Non-current liabilities	**(271,289)**	(298,895)
Revenue	**–**	–
Loss from continuing operations	**(87,889)**	(61,541)
Loss for the year	**(87,889)**	(61,541)
Loss attributable to the Group	**(21,972)**	(15,385)
Other comprehensive loss for the year	**(7)**	(41)
Total comprehensive loss for the year	**(87,896)**	(61,582)
Other comprehensive loss attributable to the Group	**(2)**	(10)
Dividends received from the associate for the year	**–**	–

As at 31 March 2015, the cash and cash equivalents of approximately HK$111,000 (2014: HK$794,000) that were held by PRC entities of the associates were subject to local exchange control regulations. These local exchange control regulations provided for restrictions on exporting capital from the country other than through normal dividends.

18. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group (Continued)

(D) Impairment on interest in an associate

As at 31 March 2015, the directors of the Company carried out a review of recoverable amount of the interest in associates and no further impairment loss has been made. For the year ended 31 March 2014, the recoverable amount of the interest in associates was calculated to be lower than its carrying amount and accordingly, impairment losses of HK$66,088,000 was recognised to the consolidated statement of profit or loss and other comprehensive income. The decrease of recoverable amount mainly due to the extension of the dinical trails of AIDS medication capsule has significant negative effect on the profitability of Revenue Synthesis.

The recoverable amounts of the interest in associates for the years ended 31 March 2015 and 2014 were determined based on a valuation performed by an independent valuer not connected to the Group. The recoverable amount is based on certain assumptions and the value in use is determinded by estimating the Group's share of the present value of the estimated future cash flows expected to be generated by the associate. The discount rate used is 14.51% (2014: 16.39%).

19. INTEREST IN SUBSIDIARIES

The Company

	2015 ***HK$'000***	2014 *HK$'000*
Unlisted shares, at cost	**21**	21
Amount due from a subsidiary	**210,235**	189,235
Less: Provision for impairment	**(20,216)**	(20,216)
	190,019	169,019
Amounts due to subsidiaries	**6,440**	9,672

The amount is unsecured, interest-free and not recoverable within one year from the end of the reporting period and the amounts are therefore shown as non-current assets. Due to the poor financial performance of the subsidiary, the carrying amount of amount due from a subsidiary is reduced to its recoverable amount which are determined by reference to the estimation of future cash flows expected to be generated from the subsidiary.

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

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For the year ended 31 March 2015

19. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The Company (Continued)

Particulars of the subsidiaries of the Company as at 31 March 2015 were as follows:

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity and voting rights attributable to the Company		Principal activities
			Direct	Indirect	
Chancenton Alliance Investments Holdings Limited	BVI	US$2,500	100	–	Investment holdings
Chanceton Alliance (II) Investments Holdings Limited	BVI	US$1	100	–	Investment holdings
Chanceton Alliance (III) Investments Holdings Limited	BVI	US$1	100	–	Investment holdings
Chanceton Alliance (IV) Investments Holdings Limited	BVI	US$1	100	–	Investment holdings
Chanceton Capital Partners Limited	Hong Kong	HK$1,500,000	–	100	Provision of corporate finance advisory service
Chanceton Consulting Limited	Hong Kong	HK$1	–	100	General business Consulting
Chanceton Asset Management Limited	Hong Kong	HK$500,000	–	100	Dormant
Chanceton Capital Markets Limited	Hong Kong	HK$10,000	–	100	Dormant
Chanceton Immigration Consultants Limited	Hong Kong	HK$10,000	–	100	Provision of investment immigration advisory service
Mysteriously Time Investment Limited	BVI	US$100	100	–	Investment holdings
Sunton Global Investment Limited	BVI	US$1	100	–	Investment holdings
Strength Wealth Limited	BVI	US$1	100	–	Investment holdings
Century Health Pharmaceutical Limited	Hong Kong	HK$1,000,000	–	100	Dormant
Glorysky Chanceton Global Capital Company Limited	Hong Kong	HK$10,000	–	100	Dormant

20. TRADE RECEIVABLES

The Group

The Group's trade receivables arose from corporate finance advisory services rendered during the years ended 31 March 2015 and 2014.

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

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**1,350**	1,178
Less: impairment loss recognised	**(405)**	–
	945	1,178

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

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**145**	152
31 – 60 days	**160**	50
61 – 90 days	**80**	–
Over 91 days	**560**	976
	945	1,178

The following is an aged analysis of the trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Current to 30 days	**145**	152
31 – 60 days	**160**	50
61 – 90 days	**80**	–
Over 91 days	**560**	976
	945	1,178

For the past due but not impaired trade receivables, although no collateral is held, the Group has assessed the credit worthiness, past payment history and substantial settlement after the reporting date, and considers that the amounts are still recoverable and no further credit provision is required in excess of allowance for doubtful debts. The Group seeks to maintain strict control over its outstanding trade receivables. Overdue balances are reviewed regularly by the management.

20. TRADE RECEIVABLES (CONTINUED)

The Group (Continued)

Movements of impairment loss on trade receivables:

	2015 *HK$'000*	2014 *HK$'000*
As at 1 April	–	630
Impairment loss recognised on trade receivables	405	–
Amounts written off	–	(630)
As at 31 March	405	–

Impairment loss recognised in respect of trade receivables are individually impaired trade receivables with balance of approximately HK$405,000 (2014: HK$Nil). The individually impaired receivables related to customers that were in financial difficulties and the directors assessed that the amounts are not expected to be recovered. The impaired trade receivables are overdue more than 91 days.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	2015 *HK$'000*	2014 *HK$'000*
Listed investments:		
Equity securities, at fair value – listed in Hong Kong *(Note (i))*	–	342
Share options, at fair value *(Note (ii))*	2,534	–
	2,534	342

Note:

(i) For the year ended 31 March 2014, the fair values of the listed investments are determined by reference to the quoted market bid prices available on the Stock Exchange.

(ii) During the year ended 31 March 2015, the Group received 10,000,000 share options granted by China Household Holdings Limited for rewarding its financial advisory services provided. The Group measured the services rendered to the client by reference to the fair value of the share options granted by the client at the grant date. The Group considered that the fair value of the services rendered is approximate to the fair value of the share options estimated by independent professional valuers.

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	HK$'000	*HK$'000*
Unlisted investments:		
– Equity securities, at fair value: *(Note (a))*	**10,000**	–
	10,000	–
Analysed for reporting purposes as:		
– Non-current assets	**10,000**	–
– Current assets	**–**	–
	10,000	–

Note:

(a) The Group holds 20% of the equity interests of Bao Sheng Ventures Limited ("Bao Sheng"), a company indirectly holds 3.5% equity interest of Lovonko Co Ltd. which engaged in exploration, utilisation and trading of mining resources. The Group did not have representation on the board of directors of Bao Sheng nor participation in Bao Sheng's policy-making process. There are also no material transactions between the Group and Bao Sheng, interchange of management personnel or provision of essential technical information by the Group. As a result, the directors consider that the Group does not have significant influence over Bao Sheng.

(b) The fair value of the Group's unlisted equity investments are measured at fair value based on market approach. Due to the significant decline in the fair value of the AFS financial assets below its cost, the directors consider it is an objective evidence of impairment. The impairment loss on AFS financial assets of approximately HK$11,000,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	The Group		**The Company**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Prepayments	**37**	360	**–**	50
Deposits and other receivables	**494**	211	**–**	–
	531	571	**–**	50

The amounts were recoverable on demand.

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

24. AMOUNTS DUE FROM RELATED COMPANIES

The Group

Name of related companies	Highest balance during the year	**2015** ***HK$'000***	2014 *HK$'000*
Chanceton Corporate Services Limited	116	**52**	116
Glorysky Chanceton Global Capital Limited	2	**–**	2
		52	118

The amounts due from related companies are unsecured, interest free and recoverable on demand. The amounts due mainly represent management fee income and professional fee expense receivable from the related companies.

The director of the Company, Mr. Wong, is also the director of the related companies.

25. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*
Cash at banks and on hand	**19,042**	45,001	**16,337**	43,448

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

26. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2015 ***HK$'000***	2014 *HK$'000*	**2015** ***HK$'000***	2014 *HK$'000*
Other payables and accruals	**781**	604	**548**	386

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

27. CONTINGENT CONSIDERATION PAYABLE

The Group and the Company

The movement of the liability component of the convertible bond for the years ended 31 March 2015 and 2014 was as follows:

	HK$'000
As at 1 April 2013	68,745
Fair value gain recognised for the year	(4,487)
Gain on cancellation	(64,258)
As at 31 March 2014, 1 April 2014 and 31 March 2015	–

On 10 January 2014, the vendor has forfeited all its rights to the remaining consideration of the acquisition, which is the convertible bond in the principal amount of HK$100,000,000 with immediate effect. It expected that the second milestone could not be completed on or before the agreed date of 31 March 2014 as addition time is required for clinical trials of Phase IIb of the AIDS medication capsule.

As at the date of cancellation, the liability component of convertible bond was amounted to approximately HK$64,258,000 and a change in fair value of approximately HK$4,487,000 were recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 March 2014. The cancellation of the convertible bond led to a gain of approximately HK$64,258,000. Such gain comprised of the gain on cancellation of liability component.

The fair values as at 10 January 2014 were determined with reference to the valuations as at those dates performed by an independent valuer. The valuations was calculated based on the present value of contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the Company and maturity term.

28. CONVERTIBLE BOND

The Group and the Company

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

The First Convertible Bond contains two components: liability and equity components. The equity component is presented in equity heading "convertible bond reserve". The effective interest rate of the liability component is 7.80% per annum for both years ended 31 March 2015 and 2014.

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

	As date of issue *HK$'000*
Fair value of First Convertible Bond	87,486
Liability component	(60,111)
Equity component	27,375

The movement of the liability component of the First Convertible Bond for the years ended 31 March 2015 and 2014 was as follows:

	HK$'000
As at 1 April 2013	61,605
Interests charged for the year *(Note 9)*	4,813
As at 31 March 2014 and 1 April 2014	66,418
Interests charged for the year *(Note 9)*	5,179
As at 31 March 2015	**71,597**

29. DEFERRED TAX LIABILITIES

The followings are the major deferred tax balances recognised and movements thereon during the years ended 31 March 2015 and 2014:

The Group and Company

	First Convertible Bond *HK$'000*	Contingent consideration payable *HK$'000*	Total *HK$'000*
As at 1 April 2013	4,273	5,157	9,430
Cancellation of contingent consideration payable	–	(5,898)	(5,898)
Credited to consolidated statement of profit or loss and other comprehensive income (Note 13)	(795)	741	(54)
As at 31 March 2014 and 1 April 2014	3,478	–	3,478
Credited to consolidated statement of profit or loss and other comprehensive income *(Note 13)*	(854)	–	(854)
As at 31 March 2015	**2,624**	**–**	**2,624**

As at 31 March 2015, the Group and the Company has estimated unused tax losses of approximately HK$12,363,000 (2014: approximately HK$7,317,000) available to offset against future profits. No deferred tax asset had recognised (2014: Nil) due to the unpredictability of future profit streams.

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30. SHARE CAPITAL

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

	Notes	Number of shares		Share capital	
		2015	2014	**2015**	2014
		'000	*'000*	*HK'000*	*HK'000*
Ordinary shares of HK$0.01 each					
Authorised:					
Balance at the beginning and at the end of the year	*(a)*	**20,000,000,000**	**20,000,000,000**	**200,000,000**	**200,000,000**
Issued and fully paid:					
Balance at the beginning of the year		2,220,000	555,000	22,200	5,550
Issue of bonus shares	*(b)*	–	1,665,000	–	16,650
Balance at the end of the year		**2,220,000**	**2,220,000**	**22,200**	**22,200**

Notes:

(a) Upon incorporation of the Company on 20 April 2011, the authorised share capital was HK$200,000,000,000 divided into 20,000,000,000,000 ordinary shares of HK$0.01 each, of which one fully-paid share of HK$0.01 was allotted and issued to the subscriber to the memorandum of association the Company, and was transferred to Kate Glory on the same date at par value.

(b) On 8 May 2013, 1,665,000,000 bonus shares were issued at a price of HK$0.01 per share. Share capital of approximately HK$16,650,000 had credited as fully paid by way of capitalisation of an amount in the share premium account of the Company.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the current and prior period are presented in the consolidated statement of changes in equity on page 46 of the consolidated financial statements.

The Company

	Share premium	Other reserve	Convertible bond reserve	Share option reserve	Accumulated losses	Total reserves
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2013	140,781	25,851	22,856	–	(7,696)	181,792
Total comprehensive loss for the year	–	–	–	–	(60,656)	(60,656)
Cancellation of contingent consideration payable	–	(25,831)	–	–	31,729	5,898
Bonus shares	(16,650)	–	–	–	–	(16,650)
As at 31 March 2014 and 1 April 2014	124,131	20	22,856	–	(36,623)	110,384
Total comprehensive loss for the year	–	–	–	–	(9,370)	(9,370)
Recognition of equity-settled share-based payments	–	–	–	1,954	–	1,954
As at 31 March 2015	**124,131**	**20**	**22,856**	**1,954**	**(45,993)**	**102,968**

32. SHARE OPTION SCHEME

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

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

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

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

32. SHARE OPTION SCHEME (CONTINUED)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the total number of shares in issue as at the date of approval of the Share Option Scheme.

On 25 September 2013, the shareholders of the Company had approved the refreshment of the 10% scheme mandate limit on the grant of options under the Share Option Scheme. Options previously granted will not be counted for the purpose of calculating the scheme mandate limit as refreshed. Based on 2,220,000,000 shares of the Company in issue as at the date of refreshment, the directors were authorised to issue options to subscribe for a total of 222,000,000 shares of the Company, representing 10% of the total number of shares of the Company in issue as at the date of refreshment.

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

The following table discloses movements of the Company's share options held by employees during the year ended 31 March 2015:

						Number of options					
Participant	Options type	Date of grant	Exercise price per share	Fair value at grant date per share	Exercise period	As at 1 April 2014	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	As at 31 March 2015
			HK$	*HK$*		*'000*	*'000*	*'000*	*'000*	*'000*	*'000*
Employees other than directors	2014	17/9/2014	0.68	0.13027	17/9/2014 – 16/9/2024	–	12,500	–	–	–	12,500
Consultant	2014	17/9/2014	0.68	0.13027	17/9/2014 – 16/9/2024	–	2,500	–	–	–	2,500
						–	15,000	–	–	–	15,000

For equity-settled share-based payments with parties other than employees, the Group has rebutted the presumption that the fair values of the services received can be estimated reliably. As in the opinion of the Directors, the Group measured the services received from these parties and its fair value is approximate to the fair values of the share options granted using the black-scholes option pricing model, at the date these parties rendered related services to the Group.

32. SHARE OPTION SCHEME (CONTINUED)

No share option had been exercised during the year ended 31 March 2015.

No share option granted during the year ended 31 March 2014.

	Option Type 2014
Valuation model	Black-scholes options pricing model
Grant date share price	0.68
Exercise price	0.68
Expected volatility	43.16%
Option life	10 years
Expected dividend yield	0%
Risk free rate	0.18%

33. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

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

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**472**	1,027
In the second to fifth years, inclusive	**194**	240
	666	1,267

Notes to Consolidated Financial Statements

For the year ended 31 March 2015

34. MATERIAL RELATED PARTY TRANSACTIONS

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

Remuneration for key personnel management, including emoluments paid to the Company's directors, as disclosed in Note 11 to the consolidated financial statements, are as follows:

Key management personnel

	Year ended 31 March	
	2015	2014
	HK$'000	*HK$'000*
Short term employees benefits	**3,540**	4,647
Post-employment benefits	**109**	160
Total compensation paid to key management personnel	**3,649**	4,807

For the years ended 31 March 2015 and 2014, the Group had the following transactions with related parties:

Name of related parties	**Relationship**	**Nature of transactions**	**2015** *HK$'000*	2014 *HK$'000*
Chanceton Corporate Service Limited	Common director and shareholder	Management fee income – receivable	**52**	49
Refulgent Sunrise Limited	Common directors and shareholder	Payment for acquisition of an associate *(Note (i))*	**–**	48,000

34. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Transaction with party within the Group is as follows

Name of subsidiaries	Nature of transactions	2015 HK$'000	2014 HK$'000
Chanceton Capital Partners Limited	Management fee income received *(Note (ii))*	**3,000**	1,255

Notes:

(i) On 9 May 2013, Mysteriously Time Investments Limited, Mr. Tsang Yan, Refulgent Sunrise Limited and Revenue Synthesis Limited entered into an acquisition and subscription agreement in relation to the acquisition and subscription of approximately 5% of the enlarged share capital in Revenue Synthesis Limited at a cash consideration of HK$48,000,000.

Refulgent Sunrise Limited, being the beneficial owner of the First Convertible Bond, is owned as to approximately 64% by Mr. Tsang Yan and 36% by Ms. Ho Chiu Ha Maisy. As Ms. Ho Chiu Ha Maisy is a substantial shareholder, an executive director and the chairman of the Company and Mr. Tsang Yan is an executive director, therefore, Refulgent Sunrise Limited is a connected person of the Company.

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

35. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2015, the Group received 10,000,000 share options granted by China Household Holdings Limited to the Group on 25 June 2014 for rewarding the Group for its financial advisory services provided (Note 21). The Group measured the services rendered to the client by reference to the fair value of the share options granted by the client at the grant date. The Group considered that the fair value of the services rendered is approximate to the fair value of the share options estimated by independent professional valuers.

36. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 30 June 2015.

Financial Summary

	For the year ended 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Revenue	**8,666**	10,400	8,526	13,566	16,452
(Loss)/profit for the year attributable to owners of the Company	**(41,727)**	(21,723)	(9,168)	2,083	11,313
Dividends	**–**	–	–	6,000	1,900

	As at 31 March				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities					
Total assets	**213,467**	249,306	334,586	45,751	16,765
Total liabilities	**(75,002)**	(71,066)	(140,511)	(3,067)	(4,619)
Total equity	**138,465**	178,240	194,075	42,684	12,146

Note:

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

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