

UNITAS HOLDINGS LIMITED

宏海控股集團有限公司

(Formerly known as Chanceton Financial Group Limited)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8020)

2016/2017
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 UNITAS HOLDINGS 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
(Chairlady)
Mr. Wong Kam Wah
Mr. Leung Man Kit
Mr. Lau Ling Tak
Ms. Man Wing Yee Ginny
Mr. Wang Qiang *(Chief Executive Officer)*

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

Room 801B, 8/F,
Tsim Sha Tsui Centre, West Wing,
No. 66 Mody Road,
Tsim Sha Tsui, Kowloon,
Hong Kong

AUTHORISED 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
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
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.unitas.com.hk

Chairlady's Statement

Dear Shareholders,

On behalf of the board of Directors (the "Board") of UNITAS HOLDINGS LIMITED, I am pleased to present the 2016/2017 annual results of the Group for the financial year ended 31 March 2017 (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") and provision of dry bulk shipping services. 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. The Group also provides dry bulk shipping services to international customers.

Corporate finance advisory services

During the Financial Year, the corporate finance industry remained challenging due to the unstable market sentiment and the slow recovery pace of the global economy.

The Group recorded revenue (excluding inter-company transactions) from corporate finance advisory services of approximately HK\$6.12 million for the year ended 31 March 2017 (2016: HK\$17.82 million), representing a decrease of approximately 65.66% when compared to the corresponding period in 2016. Such decrease was mainly due to reduction in corporate actions conducted by our existing clients. Our corporate finance advisory services recorded net profit (excluding inter-company transactions) of approximately HK\$4.59 million for the year ended 31 March 2017 as compared to a net profit (excluding inter-company transactions) of approximately HK\$10.03 million for the year ended 31 March 2016, representing a decrease of approximately 54.24% when compared with last year.

Dry bulk shipping services

Subsequent to a temporary rebound in the global shipping industry in 2015, the global shipping industry has experienced an unexpectedly continuous shrink meanwhile accompanying with keen competition throughout 2016, which seriously affected the performance of the Group's shipping business. To survive in such severe market conditions, the Company has implemented competitive pricing strategies to secure shipping orders from clients.

Revenue contributed from the Group's dry bulk shipping business amounted to approximately HK\$192.21 million for the year ended 31 March 2017. (2016: HK\$123.33 million), representing an increase of approximately 55.85% when compared to corresponding period in 2016. Such increase was mainly due to the different track record period of only six months for the year ended 31 March 2016 against the whole financial year of 31 March 2017. Net profit (excluding inter-company transactions and extraordinary items) attributable from the Group's dry bulk shipping business amounted to approximately HK\$6.67 million for the year ended 31 March 2017. (2016 (from 26 September 2015 to 31 March 2016): net profit (excluding inter-company transactions and extraordinary items) of HK\$19.87 million). The disappointing profit margin of the Group's shipping business of approximately 3.47% for the year ended 31 March 2017 (2016: 16.11%) was mainly due to unexpected delay in completion of client orders, which led to significant increase in charter fee borne by the Group. Charter fee to revenue ratio for the year ended 31 March 2017 was approximately 57.58% (2016: approximately 39.01%). The Group will closely review and if necessary, modify operation procedures of the Group's shipping business to avoid such incidents to re-occur in future. An impairment of approximately HK\$139.95 million on goodwill arising from the acquisition of the Group's dry bulk shipping business was provided as the management of the Company assessed that net profit attributable to the Group's shipping business for the year ended 31 March 2017 could not fulfil relevant required profit guarantee and that the future outlook of the global shipping industry shall remain uncertain and challenging despite a sign of rebound appeared in the first quarter of 2017. The Company considered whether the Group's shipping business can generate sufficient profit in near future to match with the related goodwill is uncertain in this regards.

Chairlady's Statement

BUSINESS OPERATION AND FINANCIAL PERFORMANCE (CONTINUED)

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

The Company deeply regrets to announce that Professor Li Zelin ("**Professor Li**"), the major pharmacology inventor of the AIDS medication capsule (祛毒增寧膠囊) (the "**AIDS Medication Capsule**"), passed away on 19 September 2016. Following the passing away of Professor Li, majority of the existing researchers, whose had been following Professor Li for many years, gradually quit the clinical trials operation of the AIDS Medication Capsule. The progress of the clinical trials of the AIDS Medication Capsule become stagnant since early 2017 despite effort has been placed by the Company to mitigate the impact on the passing away of Professor Li including but not limited to talent retention, communication with the other shareholder of Revenue Synthesis Limited and re-designation of legal representative of 北京世紀康醫藥科技開發有限公司 ("**Beijing Century Health**").

Upon several discussions and negotiations with the controlling shareholder of Revenue Synthesis Limited (the "**Controlling Shareholder**") on future business strategies of the AIDS medication business, the Controlling Shareholder had expressed its will that no further investments will be made to the AIDS medication business.

Given the above-mentioned and having considered (i) huge resources has to be injected into the AIDS medication business to re-initiate the closing of phase IIB clinical trials and to commence Phase IIC clinical trials of the AIDS Medication Capsule; (ii) material uncertainties may arise to source for suitable experts and potential business partners to complete the remaining clinical trials of the AIDS Medication Capsule; (iii) the Company assessed that the overall time table to commercialise the AIDS Medication Capsule would definitive be postponed seriously; and (iv) the patent of the AIDS Medication Capsule will expire in 2024, the Company considered itself could hardly commercialise the AIDS Medication Capsule in the absence of support from the Controlling Shareholder and Professor Li, the Company started to look for opportunity to divest the AIDS medication business. Due to the above-mentioned unexpected incidents and for the sake of prudence, the management of Beijing Century Health had made full provision on the value of the patent in connection with AIDS Medicine Capsule which resulted in the significant increase in share of loss by the Group to approximately HK\$157.54 million for the year ended 31 March 2017.

On 2 June 2017, the Company entered into a non-legally binding memorandum of understanding (the "**MOU**") with a third party potential purchaser (the "**Potential Purchaser**") indicating the intention of the Company and the Potential Purchaser to enter into a formal agreement in respect of the possible acquisition (the "**Possible Acquisition**") of all the equity interest of Revenue Synthesis Limited held by the Company, for an exclusive period of 120 days from the date of the MOU. The consideration of the Possible Acquisition are yet to be determined between the Potential Purchaser and the Company, pursuant to the MOU, the Potential Purchaser and the Company intended that the consideration of the Possible Acquisition will be determined with reference to, among others, valuation of Revenue Synthesis Limited prepared by an independent professional valuer to be appointed by the Company.

The Directors consider that the Possible Acquisition, if materialised, represents a good opportunity for the Group to divest its AIDS medication business. If the Possible Acquisition materialises, it is expected that the Possible Acquisition may constitute a notifiable transaction of the Company pursuant to the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

Chairlady's Statement

BUSINESS OPERATION AND FINANCIAL PERFORMANCE (CONTINUED)

The Group overall recorded revenue of approximately HK\$198.34 million for the year ended 31 March 2017 (2016: HK\$141.15 million), representing an increase of approximately 40.52% when compared to the corresponding period in 2016. The Group recorded audited net loss attributable to owners of the Company for the year ended 31 March 2017 of approximately HK\$198.55 million (2016: net profit of approximately HK\$18.49 million). Such turnaround in performance was mainly due to (i) a slip in performances of the Group's corporate finance advisory business and shipping business for the year ended 31 March 2017 as compared with the same period in 2016; (ii) increase in share of loss of the Group's investment in an associate related to AIDS medication business to approximately HK\$157.54 million from approximately HK\$22.66 million in 2016; (iii) loss on impairment on goodwill of approximately HK\$139.95 million arising from the acquisition of Ture Yield Limited related to shipping business in September 2015; (iv) imputed interest incurred in connection with the convertible bonds issued by the Company of approximately HK\$6 million; (v) gain of fair value changes in contingent consideration payables in connection with the acquisition of Ture Yield Limited of approximately HK\$102.24 million which partially set off the effect; (vi) realised and unrealised gain on fair value changes in available-for-sale financial assets in relation to listed securities and share options issued by listed companies of approximately HK\$7.50 million which partially set off the effect. **The Board wishes to emphasise that items (ii) to (v) of the above-mentioned are non-cash in nature and have no cash flow impact to the Group. The Group remains in a stable financial condition.**

PROFIT GUARANTEE IN RESPECT OF THE ACQUISITION OF 100% ISSUED SHARE CAPITAL OF TURE YIELD LIMITED

On 25 September 2015, the Group completed the acquisition of the entire issued share capital of Ture Yield Limited which is primarily engaged in the provision of shipping services. In accordance with the terms and conditions of the sale and purchase agreement dated 2 September 2015 (the "SPA"), the vendor has given to and for the benefit of the purchaser a profit guarantee of not less than HK\$20 million, HK\$40 million, HK\$40 million and HK\$20 million of net profit after taxation and before extraordinary items for the years ending 31 March 2016, 2017, 2018 and 2019 respectively. As confirmed by the Company's auditor, with guarantee certificate received, the recorded actual consolidated profit after taxation and before extraordinary items of the Ture Yield Limited for the year ended 31 March 2016 was approximately HK\$19,898,000, and thus, was slightly less than the guaranteed amount of HK\$20 million by approximately 0.51%. Hence the Company has made adjustment to the number of Consideration Shares in accordance with the adjustment formula in the SPA and thus 72,959,333 Consideration Shares had been allotted and issued to the nominee of the vendor on 27 January 2017.

In addition, base on the audited consolidated net profit after taxation and extraordinary or exceptional items and including inter-company transactions of Ture Yield Limited for the year ended 31 March 2017 of approximately HK\$5.43 million, the required guaranteed profit for the year ended 31 March 2017 of HK\$40 million has only been fulfilled partly. The Company will made adjustment to the number of consideration shares of the Company to be issue to the vendor or its nominee in accordance with relevant adjustment formula in the SPA upon receipt of the guarantee certificate to be issued by the Company's auditors. Further announcement will be made as and when appropriate.

Chairlady's Statement

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 the dry bulk shipping business. For our corporate finance advisory segment, we will continue to enhance our professional knowledge to cope with the rapid changing capital market and regulatory environment in Hong Kong in order to maintain our professionalism in the corporate finance industry. We will continue to increase our exposure and improve our public awareness in the capital market to enhance our client base. For our dry bulk shipping business, we will continue to manage our business under asset-light operation model and we will further broaden our customer base. We will also actively explore other business opportunities to maximise shareholder's wealth and diversify business risk in future.

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.

UNITAS HOLDINGS LIMITED

Ho Chiu Ha Maisy

Chairlady and Executive Director

Hong Kong, 30 June 2017

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 and provision of dry bulk shipping services.

Corporate finance advisory services

The Group continues seeking to position itself as one of the active local corporate finance advisory service providers in Hong Kong. The Group provides a broad range of corporate finance advisory services to its clients, including:

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

During the Financial Year, the corporate finance industry remained challenging due to the unstable market sentiment and the slow recovery pace of the global economy.

The Group recorded revenue (excluding inter-company transactions) from corporate finance advisory services of approximately HK\$6.12 million for the year ended 31 March 2017 (2016: HK\$17.82 million), representing a decrease of approximately 65.66% when compared to the corresponding period in 2016. Such decrease was mainly reduction in corporate actions conducted by our existing clients. Our corporate finance advisory services recorded net profit (excluding inter-company transactions) of approximately HK\$4.59 million for the year ended 31 March 2017 as compared to a net profit (excluding inter-company transactions) of approximately HK\$10.03 million for the year ended 31 March 2016, representing a decrease of approximately 54.24% when compared with last year.

Dry bulk shipping services

Subsequent to a temporary rebound in the global shipping industry in 2015, the global shipping industry has experienced an unexpectedly continuous shrink meanwhile accompanying with keen competition throughout 2016, which seriously affected the performance of the Group's shipping business. To survive in such severe market conditions, the Company has implemented competitive pricing strategies to secure shipping orders from clients.

Revenue contributed from the Group's dry bulk shipping business amounted to approximately HK\$192.21 million for the year ended 31 March 2017. (2016: HK\$123.33 million), representing an increase of approximately 55.85% when compared to corresponding period in 2016. Such increase was mainly due to the different track record period of only six months for the year ended 31 March 2016 against the whole financial year of 31 March 2017. Net profit (excluding inter-company transactions and extraordinary items) attributable from the Group's dry bulk shipping business amounted to approximately HK\$6.67 million for the year ended 31 March 2017. (2016 (from 26 September 2015 to 31 March 2016): net profit (excluding inter-company transactions and extraordinary items) of HK\$19.87 million). The disappointing profit margin of the Group's shipping business of approximately 3.47% for the year ended 31 March 2017 (2016: 16.11%) was mainly due to unexpected delay in completion of client orders, which led to significant increase in charter fee borne by the Group. Charter fee to revenue ratio for the year ended 31 March 2017 was approximately 57.58% (2016: approximately 39.01%). The Group will closely review and if necessary, modify operation procedures of the Group's shipping business to avoid such incidents to re-occur in future. An impairment of approximately HK\$139.95 million on goodwill arising from the acquisition of the Group's dry bulk shipping business was provided as the management of the Company assessed that net profit attributable to the Group's shipping business for the year ended 31 March 2017 could not fulfil relevant required profit guarantee and that the future outlook of the global shipping industry shall remain uncertain and challenging despite a sign of rebound appeared in the first quarter of 2017. The Company considered whether the Group's shipping business can generate sufficient profit in near future to match with the related goodwill is uncertain in this regards.

Management Discussion and Analysis

BUSINESS REVIEW (CONTINUED)

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

The Company deeply regrets to announce that Professor Li Zelin (“**Professor Li**”), the major pharmacology inventor of the AIDS medication capsule (祛毒增寧膠囊) (the “**AIDS Medication Capsule**”), passed away on 19 September 2016. Following the passing away of Professor Li, majority of the existing researchers, whose had been following Professor Li for many years, gradually quit the clinical trials operation of the AIDS Medication Capsule. The progress of the clinical trials of the AIDS Medication Capsule become stagnant since early 2017 despite effort has been placed by the Company to mitigate the impact on the passing away of Professor Li including but not limited to talent retention, communication with the other shareholder of Revenue Synthesis Limited and re-designation of legal representative of 北京世紀康醫藥科技開發有限公司 (“**Beijing Century Health**”).

Upon several discussions and negotiations with the controlling shareholder of Revenue Synthesis Limited (the “**Controlling Shareholder**”) on future business strategies of the AIDS medication business, the Controlling Shareholder had expressed its will that no further investments will be made to the AIDS medication business.

Given the above-mentioned and having considered (i) huge resources has to be injected into the AIDS medication business to re-initiate the closing of phase IIB clinical trials and to commence Phase IIC clinical trials of the AIDS Medication Capsule; (ii) material uncertainties may arise to source for suitable experts and potential business partners to complete the remaining clinical trials of the AIDS medication capsule; (iii) the Company assessed that the overall time table to commercialise the AIDS Medication Capsule would definitive be postponed seriously; and (iv) the patent of the AIDS Medication Capsule will expire in 2024, the Company considered itself could hardly commercialise the AIDS Medication Capsule in the absence of support from the Controlling Shareholder and Professor Li, the Company started to look for opportunity to divest the AIDS medication business. Due to the above-mentioned unexpected incidents and for the sake of prudence, the management of Beijing Century Health had made full provision on the value of the patent in connection with AIDS Medicine Capsule which resulted in the significant increase in share of loss by the Group. to approximately HK\$157.54 million for the year ended 31 March 2017.

On 2 June 2017, the Company entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a third party potential purchaser (the “**Potential Purchaser**”) indicating the intention of the Company and the Potential Purchaser to enter into a formal agreement in respect of the possible acquisition (the “**Possible Acquisition**”) of all the equity interest of Revenue Synthesis Limited held by the Company, for an exclusive period of 120 days from the date of the MOU. The consideration of the Possible Acquisition are yet to be determined between the Potential Purchaser and the Company, pursuant to the MOU, the Potential Purchaser and the Company intended that the consideration of the Possible Acquisition will be determined with reference to, among others, valuation of Revenue Synthesis Limited prepared by an independent professional valuer to be appointed by the Company.

The Directors consider that the Possible Acquisition, if materialised, represents a good opportunity for the Group to divest its AIDS medication business. If the Possible Acquisition materialises, it is expected that the Possible Acquisition may constitute a notifiable transaction of the Company pursuant to the Listing Rules. The Company will comply with the relevant requirements under the Listing Rules as and when appropriate.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the Financial Year, revenue of the Group increased by approximately 40.52% to approximately HK\$198.34 million from approximately HK\$141.15 million last year. Such increase was mainly attributable to (i) revenue contributed from our dry bulk shipping business of approximately HK\$192.21 million for the whole year as compared with only six months in 2016; and (ii) decrease in revenue from our corporate finance advisory business by approximately HK\$11.7 million which partially set off the effect.

Administrative and other operating expenses

The Group's administrative and operating expenses for the Financial Year increased by approximately 44.24% to approximately HK\$24.03 million compared to approximately HK\$16.66 million last year. The increase was mainly due to the increase in staff cost by approximately 59.31% to approximately HK\$12.84 million compared with approximately HK\$8.06 million in last year to cope with expansion of the Group and increase in marketing expenses to promote the Group's corporate finance business.

Loss for the Financial Year attributable to owners of the Company

The Group recorded audited net loss attributable to owners of the Company for the year ended 31 March 2017 of approximately HK\$198.55 million (2016: net profit of approximately HK\$18.49 million). Such turnaround in performance was mainly due to (i) a slip in performances of the Group's corporate finance advisory business and shipping business for the year ended 31 March 2017 as compared with the same period in 2016; (ii) increase in share of loss of the Group's investment in an associate related to AIDS medication business to approximately HK\$157.54 million from approximately HK\$22.66 million in 2016; (iii) loss on impairment on goodwill of approximately HK\$139.95 million arising from the acquisition of Ture Yield Limited related to shipping business in September 2015; (iv) imputed interest incurred in connection with the convertible bonds issued by the Company of approximately HK\$6 million; (v) gain of fair value changes in contingent consideration payables in connection with the acquisition of Ture Yield Limited of approximately HK\$102.23 million which partially set off the effect; (vi) realised and unrealised gain on fair value changes in available-for-sale financial assets in relation to listed securities and share options issued by listed companies of approximately HK\$7.50 million which partially set off the effect. **The Board wishes to emphasise that items (ii) to (v) of the above-mentioned are non-cash in nature and have no cash flow impact to the Group. The Group remains in a stable 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 2017, the Group had net current liabilities of approximately HK\$43.70 million (2016: net current assets approximately HK\$37.32 million). The Group had cash and bank balances of approximately HK\$19.14 million (2016: approximately HK\$15.53 million). Current ratio as at 31 March 2017 was approximately 0.52 (2016: 6.24). The net current liabilities position of the Group of approximately HK\$43.70 million as at 31 March 2017 was mainly due to the zero-coupon convertible bond issued by the Company to a substantial shareholder of the Company in 2012 with outstanding principal amount of HK\$87.50 million. The convertible bond will be mature on 4 December 2017. Nevertheless, the Company has obtained confirmations from four of the Company's major shareholders and the convertible bond holder confirmed that they will provide continuing financial support to the Group to enable it to continue as a going concern and to settle the liabilities as and when they fall due. In view of the above, the Company considers that the current net current liabilities position would not have material adverse effect to the financial condition of the Group.

Management Discussion and Analysis

The Group's gearing ratios as at 31 March 2017 was 823.65% (2016: 144.17%). Gearing ratio is calculated by dividing total 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.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 March 2017 (2016: Nil).

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any significant capital commitments (2016: Nil).

CAPITAL STRUCTURE

On 27 January 2017, the Company allotted and issued 72,959,333 new shares of the Company to the nominee of the vendor of the sale and purchase agreement dated 2 September 2015 for partial settlement of consideration regarding acquisition of Ture Yield Limited upon fulfillment of the first year profit guarantee by Ture Yield Limited.

As at 31 March 2017, the issued share capital of the Company was HK\$23,329,593.33 divided into 2,332,959,333 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 2017, the Group did not have any plan for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Financial Year, the Group had no material acquisitions and disposal of subsidiaries and affiliated companies.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 March 2017 (2016: Nil).

Management Discussion and Analysis

FOREIGN EXCHANGE EXPOSURE

The Group continues to adopt a conservative treasury policy with all bank deposits being kept in 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 2017, the Group did not pledge any of its assets (2016: Nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had 28 full-time employees (2016: 28), including the Directors. Total staff cost (including Directors' emoluments) were approximately HK\$12.84 million for the Financial Year as compared to approximately HK\$8.06 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 the dry bulk shipping business. For our corporate finance advisory segment, we will continue to enhance our professional knowledge to cope with the rapid changing capital market and regulatory environment in Hong Kong in order to maintain our professionalism in the corporate finance industry. We will continue to increase our exposure and improve our public awareness in the capital market to enhance our client base. For our dry bulk shipping business, we will continue to manage our business under asset-light operation model and we will further broaden our customer base.

The Company will also actively explore other business opportunities to maximise 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 chairlady of the Board, Ms. Ho Chiu Ha Maisy, was unable to attend the annual general meeting of the Company held on 30 September 2016 (the "AGM 2016") as she had other important business engagement. However, Mr. Wong Kam Wah, an Executive Director, had chaired the AGM 2016 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

Chairlady/Executive Director

Mr. Wong Kam Wah

Executive Director

Mr. Leung Man Kit

Executive Director

Mr. Lau Ling Tak

Executive Director

Ms. Man Wing Yee Ginny

Executive Director

Mr. Wang Qiang

Executive Director/Chief Executive Officer

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

Corporate Governance Report

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 nine 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 one-third of the Board.

The biographical details of each Director are set out in the section Report of the Directors on pages 44 to 48.

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.

Corporate Governance Report

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 2017, ten Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
<i>Executive Directors:</i>	
Ms. Ho Chiu Ha Maisy (<i>Chairlady</i>)	10/10
Mr. Wong Kam Wah	10/10
Mr. Leung Man Kit	10/10
Mr. Lau Ling Tak	10/10
Ms. Man Wing Yee Ginny	10/10
Mr. Wang Qiang (<i>Chief Executive Officer</i>)	10/10
<i>Independent Non-executive Directors:</i>	
Mr. Chiu Chi Kong	10/10
Mr. William Robert Majcher	10/10
Mr. Yau Yan Ming Raymond	10/10

Apart from regular Board meetings, the Chairlady also had a meeting with the Independent Non-executive Directors without the presence of Executive Directors during the Financial Year.

Corporate Governance Report

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings (continued)

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

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

The Company Secretary is responsible for taking minutes of the Board and committee meetings. Minutes of the Board and committee meetings record in sufficient detail of matters and concerns discussed are kept by the Company Secretary and open for inspection at any reasonable time on reasonable notice by any Director. Draft and final versions of minutes of Board and committee meetings are sent to Directors for their comments and records within a reasonable time after each meeting. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures and all applicable rules and regulations are followed. Directors may seek independent professional advice in appropriate circumstances at the Company's expense to assist them perform their duties to the Company. The Company has also arranged appropriate directors and officers liability insurance coverage for the Directors. The Company 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.unitas.com.hk) in March 2012 in compliance with the relevant GEM Listing Rules amendment effective on 1 April 2012.

Corporate Governance Report

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 (which were further reviewed by the Board in August 2013). Its written terms of reference are available on the GEM website (www.hkgem.com) and the Company's website (www.unity.com.hk).

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 Officer 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 (<i>Chairman</i>)	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.

Corporate Governance Report

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 complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Financial Year.

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:

Name of Directors	Types of training	
	In-house training organised by professional organisations and provided by the Company	Reading materials updating on new rules and regulations
Executive Directors		
Ms. Ho Chiu Ha Maisy (<i>Chairlady</i>)	✓	✓
Mr. Wong Kam Wah	✓	✓
Mr. Leung Man Kit	✓	✓
Mr. Lau Ling Tak	✓	✓
Ms. Man Wing Yee Ginny	✓	✓
Mr. Wang Qiang	✓	✓
Independent Non-executive Directors		
Mr. Chiu Chi Kong	✓	✓
Mr. William Robert Majcher	✓	✓
Mr. Yau Yan Ming Raymond	✓	✓

Corporate Governance Report

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.unitas.com.hk).

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 (<i>Chairman</i>)	2/2
Mr. Lau Ling Tak	2/2
Mr. William Robert Majcher	2/2
Mr. Yau Yan Ming Raymond	2/2

Corporate Governance Report

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 consolidated financial statements set out on pages 64 to 69 were prepared on the basis set out in notes on pages 70 to 140 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, non-audited services were provided by HLB for the year ended 31 March 2017 amounted to approximately HK\$100,000 (2016: HK\$100,000). The fees in respect of audit services by HLB for the year ended 31 March 2017 amounted to approximately HK\$600,000 (2016: HK\$500,000).

The reporting responsibilities of HLB are set out in the Independent Auditors' Report on pages 58 to 63.

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 and June 2016). 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.unitas.com.hk).

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, risk management and internal control systems.

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee (continued)

The Audit Committee members held four 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 (<i>Chairman</i>)	4/4
Mr. Chiu Chi Kong	4/4
Mr. Lau Ling Tak	4/4
Mr. William Robert Majcher	4/4

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

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Delegation by the Board

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

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

Communication with Shareholders

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

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

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.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

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 Room 801B, 8/F., Tsim Sha Tsui Centre, West Wing, No. 66 Mody Road, Tsim Sha Tsui, Kowloon, 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.

Corporate Governance Report

INVESTOR RELATIONS

There were no changes in the constitutional documents of the Company during the Financial Year.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Financial Year, the Board complied with the code provisions on risk management and internal control as set out in the CG Code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Company. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorised use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A financial year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

Hong Kong, 30 June 2017

Environmental, Social And Governance Report

The Group is committed to promoting sustainable development, which is extremely important to create long-term value for the Group's shareholders, clients, employees, other stakeholders, as well as general public. The Group cares about the impact of its daily operation on environment and society, strives to set a good example for the public, while conducting business operation, it makes effort to meet the interests of all stakeholders, economy, environment, society and corporate governance and does its best to achieve a fine balance.

ENVIRONMENT

A1. Policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes

Protecting environment is one of our key concerns; we are committed to protecting environment and focusing on environmental protection in our operation, hoping that through rigorous supervision and control to reduce our long-term negative impact on environment.

1. *Energy Management*

The indirect greenhouse gas emission, which generated from our daily electricity power consumption, is the main source of the Group's carbon footprint, we will keep monitoring and disclosing the Group's carbon footprint to find out and control the impact of our daily operation on environment. At the same time, we will implement the following energy-saving and energy efficiency measures at various office locations to reduce greenhouse gas emission:

- a. Install high-performance electrical equipments
- b. Purchasing department is required to purchase energy-efficient products
- c. Employ automatic lighting control system
- d. Deploy LED lighting on office floors
- e. The employees must turn off light and unnecessary energy device to reduce energy consumption and avoid unnecessary waste of energy
- f. Deploy natural light as much as possible on office floors
- g. Install auxiliary electricity meter to monitor electricity consumption
- h. Other energy-saving and energy efficiency measures

Our finance department should collect information about usage of electricity annually for the management to disclose in their ESG report in the financial year starts from January 1, 2017 or later.

Environmental, Social And Governance Report

ENVIRONMENT (CONTINUED)

A1. Policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes (continued)

2. *Waste Management*

In order to lighten the load of landfills, we adopt a responsible waste management policy, including waste avoidance, reducing waste from its source and reuse, recycling and responsible disposal of waste. Our offices should post memos and notices everywhere, encouraging the employees to reduce the production of waste. We have introduced waste separation measures from the start:

- a. Waste paper (excluding paper cup, paper plate, etc.)
- b. Metal (aluminum can and other metal cans)
- c. Plastics (plastic bottle, container and packaging materials)
- d. Other recyclables (such as old cloth, electrical appliance, computer, magazine, etc.)

A2. Policy on effective use of resources (including energy, water and other raw materials)

1. *Reducing electricity consumption*

Comply with the Group's policy on emission of exhaust gas and greenhouse gas, discharging pollution through water and land, producing hazardous and non-hazardous wastes to reduce electricity consumption.

2. *Paper reduction*

In order to reduce waste paper, we have developed the following measures:

- a. Deploy recycling bins to collect used paper products such as waste paper, poster, letter and envelope;
- b. Place waste paper recycling bin next to printer and set aside the papers that already printed once so that you can choose whether reuse it or put it into the bin;
- c. Saving paper by double-sided printing
- d. Writing on both sides of papers
- e. Bring your own cup and avoid using paper cup
- f. Reuse stationeries such as file folder and envelope
- g. Reuse packaging box
- h. Other than the waste paper that contains confidential information, waste paper should be shipped to paper mill or scrap paper company so as to be recycled into new paper.

Environmental, Social And Governance Report

ENVIRONMENT (CONTINUED)

A2. Policy on effective use of resources (including energy, water and other raw materials) (continued)

2. *Paper reduction (continued)*

Each year, our finance department shall collect information about the paper products the Company purchased and the waste paper that shipped to scrap paper company or paper mill for the management to disclose in their ESG report in the financial year starts from January 1, 2017 or later.

3. *Water conservation*

In Hong Kong, fresh water is a precious resource, we should economise water, try to protect water resource, and for which we have developed the following measures:

- a. Repair dripping faucet or hose in a timely manner
- b. Adopt effective water-saving production methods and instruments
- c. Check water consumption regularly
- d. Minimise water pressure

4. *Green procurement*

Green procurement is based on reducing environmental load. Quality, cost, delivery time are the main focuses when the Company procures goods or chooses supplier, but other than that, we give priority to environmentally friendly and energy-saving products.

- a. Give priority to energy-efficient products at the highest level
- b. Give priority to effective water-saving products
- c. We require the suppliers to reduce packaging material
- d. Send the message to suppliers that we value environmental protection, energy saving

Environmental, Social And Governance Report

ENVIRONMENT (CONTINUED)

A3. Policy on mitigating the Group's significant impact on environment and natural resources

The Group manages and minimises the impact it may cause environment, directly or indirectly, through the following methods:

1. Make sure its business operation comply with the environmental law in Hong Kong and its operating locations
2. Establish and improve environmental protection mechanism to ensure its operation does not pollute water and land
3. Monitor gas emission and use of resource, establish emission reduction target
4. Make sure that in our daily business operation, with all efforts, we conserve energy, water and other raw materials to reduce direct impact on environment
5. Whenever the Company holds banquet, shark fin is out of question and sustainable seafood should be served. Order reasonable quantity and reduce waste
6. Urge the employees to reduce paper usage and adopt other energy-saving measures
7. Cooperate with government agencies and support environmental organisations' activities

SOCIETY

Employment and Labor convention

Employee is an important asset of the Company, we care about their well-being, respect their personal traits, make sure that all employees are subject to legislative protection and have equal opportunity in their career path, also, we strive to increase their sense of belonging.

B1. Policy on salary, dismissal, recruitment, promotion, working hours, day off, equal opportunity, diversity, anti-discrimination and other benefits

1. *Salary*

We offer competitive pay and benefits to the employees according to their job requirement and individual performance. We will annually review the overall salary and benefits to ensure the Company's competitiveness in local market, we even refer to the relevant industries and similar organisations. Each year, KPIs will provide direction and guidance to the employees' individual work plan. We also assess the achievements and contributions of the employees to appraise and reward them.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Employment and Labor convention (continued)

B1. Policy on salary, dismissal, recruitment, promotion, working hours, day off, equal opportunity, diversity, anti-discrimination and other benefits (continued)

2. Dismissal

We ensure that all employees under the employment protection laws of Hong Kong, including:

- a. Whenever an employee offers to resign or being laid off, human resource should interview him or her before quitting to find out the reason of quitting;
- b. It is required to issue employment verification document to the dismissed employee;
- c. When the employer terminates employment contract, the dismissed employee shall be given due notice or wages in lieu of notice, and the notice should not be given during his or her annual leave and maternity leave;
- d. An employee cannot be dismissed when she has been confirmed pregnant or given notice of pregnancy;
- e. An employee cannot be dismissed when he or she takes a paid sick leave;
- f. An employee cannot be dismissed due to he or she gives evidence or information in any legal proceeding relating to enforcement of labor laws, industrial accident or breach of work safety regulation;
- g. An employee cannot be dismissed due to he or she joins in labor union or participates in labor union activities; and
- h. If an employee is injured on duty, if a compensation agreement has not yet been reached or the relevant evaluation certificate has not yet been issued, the employee cannot be dismissed.

3. Recruitment and promotion

In the Company, recruitment and promotion should be fair and open for all employees, and cannot be affected by age, sex, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation and other factors, the employees will be recognised and rewarded by their contribution, work performance and skills, the Company will do its best to provide them with good working environment and development opportunity.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Employment and Labor convention (continued)

B1. Policy on salary, dismissal, recruitment, promotion, working hours, day off, equal opportunity, diversity, anti-discrimination and other benefits (continued)

4. Working hours and day-off

The employees shall enjoy deserved days-off under the laws of Hong Kong or the location they work at Hong Kong employees are entitled to enjoy the following days-off:

- a. Each employee can take a day off in every 7 days;
- b. If the day-off falls on a statutory holiday, compensatory time off shall be offered on the following day;
- c. Manager can ask employee to work on the day off, but employee can choose not to. If the employee agrees, a day off can be arranged in other time, but the said day off shall be planned before the scheduled day off in the same month, or within 30 days after it;
- d. Statutory holidays;
- e. Paid annual leave prescribed by employment contract;
- f. Sick leave;
- g. Female employee can take maternity leave so long as she comply with the continuous contract to serve the employer and give notice of pregnancy before the leave; and
- h. Maternity leave cannot be substituted by wage.

5. Policy on equal opportunity, diversity, anti-discrimination and other benefits

Sex Discrimination Ordinance, Disability Discrimination Ordinance, Family Status Discrimination Ordinance must be complied with, equal opportunity must be provided on recruitment, training, promotion, transfer, remuneration, benefits and termination of contract. Such opportunities shall not be affected by factors such as age, gender, physical or mental health status, marital status, family status, race, skin colour, nationality, religion, political affiliation and sexual orientation.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Employment and Labor convention(continued)

B2. Policy on safe working environment and safeguarding the employees from occupational hazards

We are committed to protecting the health and safety of the employees and the community, we require all employees to comply with all relevant occupational health and safety regulations, and do our utmost to provide them with safe and healthy working environment, as a result, we have implemented the following methods:

1. Develop internal guidelines to ensure that office and work environment is in line with or higher than the requirements of relevant laws;
2. Establish safety procedures for the recognised dangerous work;
3. Provide necessary protective equipment and medical insurance to the employees;
4. Ensure that office and working environment is healthy and safe, regularly check machinery and equipment;
5. Establish emergency measures such as fire or explosion emergency plan;
6. Regularly arrange rescue, fire and evacuation drills;
7. Establish mechanism to record industrial injury and analyse the cause;
8. Provide and maintain an environmental, healthy and safe working condition;
9. Unless prior approval, purchasing alcoholic beverage and illegal drugs is prohibited in the workplace;
10. Actively promote environmental protection, health and safety awareness of the employees, and support development of environmental protection, health and safety in the industry; and
11. Provide all employees with needed job information, guidance, training and supervision.

B3. Policy on improving the employees' knowledge and skills to perform their responsibilities

Talent development is an important part of our human resource strategy. We understand that the employees' knowledge and skills are essential to the Group's operation and business growth, good development plan lays a good foundation for the employees to face business challenge in the future, it also helps them to grasp promotion opportunities, fulfill their career aspirations. We provide the employees with effective training and develop a clear promotion ladder, ensuring that the employees have the required skills; we also nurture outstanding successors for the Group's and breed academic atmosphere. The Group conducts performance evaluation annually, and based on the assessment result to provide the staff with appropriate training, and offer job, development and promotion opportunities for outstanding employees. Under the Group's Human Resource Management System requirements, HR manager is responsible for carrying out related assessment and training.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Employment and Labor convention(continued)

B4. Policy on preventing child labor or forced labor

The Group firmly adopts a zero-tolerance policy on child labor and forced labor, such conduct is prohibited by international standard and relevant domestic legislation and shall never be tolerated in here. In any part of the business process (including our subcontractors or suppliers), child labor or forced labor is not allowed, we see child labor or forced labor as a serious crime. The following is the policy on preventing child labor or forced labor:

1. Child labor refers to employment of people under 16 years of age, if any country or region in which the Company or its subsidiary operates has a more stringent definition of child labor, the definition shall prevail;
2. Forced labor refers to people provide labor or service against their will and under the threat of punishment;
3. The hired employees must be at least 16 years of age, the Group shall never recruit child labor and forced labor, and if it knows child labor or forced labor exists in its suppliers or subcontractors, the Group will not conduct business with them anymore;
4. The employees under 18 may not engage in any possible hazardous work and prohibited to work at night, because it might affect their education;
5. Before hiring any job applicant, HR should take effective procedures to verify their age. HR should check documents that prove the age of the applicant, including government-issued photo identification and birth certificate, driver's license, household register, academic certificates or any other credentials that prove the date of birth. And HR must ensure that the applicant's looks is consistent with the photograph on the ID card;
6. HR department should carry out prevention training about child labor and forced labor, especially those responsible for recruitment;
7. If employment of child labor under the legal minimum age is found in the Group, we will see to the best interests of the child, and take the following measures in line with relevant legislations:
 - a. Take the child away from workplace immediately, ensure the safety of the child;
 - b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the child under 16 years of age, sever labor relations with the child, notify the local social welfare institution, and take remedial measures to protect the child's best interest;

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Employment and Labor convention (continued)

B4. Policy on preventing child labor or forced labor (continued)

7. If employment of child labor under the legal minimum age is found in the Group, we will see to the best interests of the child, and take the following measures in line with relevant legislations: (continued)
 - c. Send the child to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the child's physical and mental health, and conduct investigation to fully understand the child's situation;
 - d. When the child reaches legal minimum age for employment, we will provide the child with re-employment opportunity; and
 - e. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.
8. If forced labor is found in the Group, we will take the following measures in accordance with the requirements of the relevant legislation:
 - a. Take the labor away from workplace immediately, ensure the safety of the labor;
 - b. Immediately notify the person in charge of HR to verify all relevant information, confirm whether the person is subject to compulsory labor;
 - c. Send the labor to a special occupational health labor inspection institution to do medical check-up, it is required to confirm the labor's physical and mental health, and conduct investigation to fully understand the labor's situation; and
 - d. Immediately find out the problems exist in the hiring process of the operating location and take improvement measures within 90 working days.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Operating Practice

B5. Policy on controlling environmental and social risk in supply chain

We attach importance to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We will take a fair and open principle on procurement of materials and services. We will only cooperate with the suppliers that share common moral values and standards with us, the Group also supports and encourages the suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibility:

1. We advocate the principle of fair and open competition, and based on mutual trust, we develop and maintain long-term relationships with the suppliers and contractors;
2. We have strict ethical standards in procurement of materials and services to ensure the quality of the finished products and maintain the continued confidence of the clients, suppliers and general public;
3. We review our suppliers, assess them based on price, quality, suitability and demands, only those being rated as qualified are our approved suppliers, we only purchase from the approved suppliers;
4. We conduct follow-up assessment on the suppliers, and, if necessary, review them through a third party organisation. When a supplier is found to be inconsistent with the Group's policy or contractual requirements, the Group will terminate future cooperation until the situation has been improved;
5. In an unprejudiced way, we choose appropriate, responsible and capable suppliers;
6. Support and encourage the suppliers to improve their environmental products and services, and their employees' benefits and protection;
7. The suppliers must comply with the relevant laws, regulations and contractual obligations; and
8. We shall adopt effective monitoring and management system to detect and prevent bribery, fraud or other misconducts in procurement and bidding processes.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Operating Practice (continued)

B6. Policy on health, safety, advertising, labeling, privacy and remedies of the products and services

Health and safety of products and services

We are committed to providing the customers with high-quality products and services and settling customer complaints effectively, continuously improving service level and ensuring customer satisfaction.

1. Make sure that the products and services comply with related laws and guidelines;
2. Provide the customers with accurate product information and high-quality products, and develop recovery policy and after-sale service for related products;
3. If there is a problem with a product, we will take the initiative to explain the problem and find a mutually satisfactory solution for the customers; and
4. After handling a customer complaint, a document should be archived properly, and the relevant department shall review the complaint and develop measures to prevent the recurrence of similar complaints, so that the Group's service quality keeps improving.

Advertising, labeling and protection of customer information

Customer information will only be used for business purpose, not for other unrelated purposes. All employees should handle and use customer information with extreme caution, protect customer information, and comply with statutory requirements in privacy law.

B7. Policy on preventing bribery, extortion, fraud and money laundering

Ethics and integrity is the cornerstone of the Group's success, we adopts a Zero Tolerance approach to bribery, extortion, fraud and money laundering, in their daily work, the directors, management and staff must comply with related national and local government laws and regulations on prevention of bribery, extortion, fraud and money laundering. All employees not only have responsibility to understand and comply with the above regulations, but also have obligation to report violation to the fit and appropriate person. Any person, who contravenes the regulations, will be subject to disciplinary sanction. We will make every effort to protect the informer and received information. However, if an informer's intention is to harm others, they may be subject to disciplinary punishment.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Operating Practice (continued)

B7. Policy on preventing bribery, extortion, fraud and money laundering (continued)

1. *Soliciting or accepting benefit*

Any employee (including the directors, management and all full-time, part-time, hourly, temporary workers) cannot directly, indirectly, or in any form, solicit or accept any form of benefits or do anything that might be seen as bribe from a third party, including, but not limited to, money, gift, excessive entertainment and hospitality, subsidised travel and accommodation, loan, pledging as guarantor, extending preferential credit terms, fee, reward, position, employment, contract, service, privilege, exemption of all or part of the responsibilities that ought to be fulfilled. The employees should reject any direct or indirect interests and benefits relating to the Group's business, should such benefits being accepted, their objective attitude would hamper, or the interests of the Group would be harmed or invaded, or causing bias or misconduct.

In social events such as festivals, activities, entertainments and other daily routine, refusing to accept a modest gift may be considered impolite or lack of social grace, with that in mind, under the following principles, the employees may consider accepting benefits on a voluntary basis:

- a. Receiving related benefits will not affect performance and decision of the employee;
- b. The employee will not feel the need to reciprocate;
- c. The employee can openly discuss the benefits;
- d. Holiday or banquet gift, prize or souvenir, its value shall not more than HKD 500.

For gift, prize or souvenir worth more than HKD 500, the employee shall file a declaration form, if the employee has questions about admissibility of the related benefits, he or she could consult HR manager or general manager. If the Company finds out any employee's inappropriate behavior of soliciting or accepting benefits, it will call the police and terminate labor relations with the employee.

2. *Providing benefits*

In any case, any employee shall not provide bribe or improper benefits to any person or organisation in order to seek personal gain or group interests. If the Company finds out any employee has conducted bribery, it will call the police and terminate labor relations with the employee.

3. *Extortion*

Any person who seeks for benefit for his own or another person, or with intent to cause loss to another person, and makes any unwarranted demand by extortion, such conduct shall be considered as extortion. All employees shall not participate in, assist, cover up any kind of extortion, if the Company finds out any employee has conducted extortion, it will call the police and terminate labor relations with the employee.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Operating Practice (continued)

B7. Policy on preventing bribery, extortion, fraud and money laundering (continued)

4. Fraud

Any person, who uses any means of deception to benefit himself or another person, or with intent to cause loss to another person, such conduct shall be considered fraud, the common employee fraud includes embezzlement, wage fraud and stealing company assets. All employees shall not participate in, assist, cover up any fraud, if the Company finds out any employee has conducted fraud, it will call the police and terminate labor relations with the employee.

5. Money Laundering

Money laundering refers to an individual or institution attempts to conceal the source of illicit money, or makes such money look legitimate in any way. The Company will not tolerate any employee conduct, support, and assist any form of money laundering.

The Company should establish an anti money laundering team, general manager should be the team leader and responsible for organising the anti money laundering team. The team's main responsibilities include organising, implementing anti money laundering task, investigating reported money laundering, arranging anti money laundering training, working with regulatory and judiciary authorities to investigate suspicious transactions of funds, as well as paying attention to requirements and updates in anti money laundering laws and regulations.

Anti money laundering procedures include identifying clients, keeping transaction record, reporting and follow-up investigating of suspicious transaction, and anti money laundering training.

a. Identifying clients

In the development of clients, sales people must establish a high degree of awareness of anti money laundering, through communication with prospective clients to comprehensively grasp the clients' information, running the first check on the clients. After successful client acquisition, regular contact is required to grasp the clients' updates. If an abnormal situation occurs, the sales person needs to timely communicate with the relevant departments.

b. Keeping transaction record

Sales people and accounting personnel should keep customer identification information, including registering customer identification and related information, all sorts of records and information reflecting payment authority's customer identification process, and keep transaction records such as each transaction's information, business voucher, ledger and documents reflecting real situation of each transaction and other relevant information to ensure that each transaction is traceable.

Environmental, Social And Governance Report

SOCIETY (CONTINUED)

Operating Practice (continued)

B7. Policy on preventing bribery, extortion, fraud and money laundering (continued)

5. *Money Laundering (continued)*

- c. Reporting and follow-up investigating of suspicious transaction
Sales people and accounting staff, should they find out a suspicious transaction, need to report it immediately to the corporate headquarters' anti money laundering team. The team analyses and investigates all suspicious transaction reported, if there are reasonable grounds to believe that the transaction or the customer has ties with money-laundering, terrorism and other criminal activities, the HKSAR Government JFIU should be notified.
- d. Anti money laundering training
All employees should join in anti money laundering training at least once a year, the training includes learning the danger of money laundering, anti money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, ways to report suspicious transaction, the consequences if one fails to comply with anti money laundering regulations.

Community

B8. Policy on finding out the needs of the community, at which the Company operates, by means of community involvement, and ensuring that its business activities will take into account the interests of the community

For the Company's long-term development, community participation is important, we are committed to promoting development and construction activities of the community, at which we operate. We benefit the community through a variety of actions, such as investment, contributing money, time, products, services, influence, management knowledge and other resources.

We participate in community building through three main ways:

1. Organise, facilitate and support the staff to take part in volunteer services, such as regularly visiting people who need help, arranging outdoor activities for disadvantaged groups, holding Blood Donation Day.
2. By means of donation, we donate money, goods or services, directly supporting or funding projects of various social service agencies. In addition to donation itself, we also appeal to the Company's stakeholders (including the employees and customers) to donate.
3. We endeavor to provide employment opportunities for the disadvantaged and create a win-win situation. The Company is willing to hire the disabled people who have completed retraining courses, and give priority to purchasing from the suppliers who hired the said disabled people, or participate in a variety of mentorship programs.

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 2017 (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 33 to the Consolidated Financial Statements.

BUSINESS REVIEW

A fair review of the Company's business and its outlook are set out in the sections of Chairman's Statement and Management Discussion and Analysis. Certain financial key performance indicators are provided in the section of Financial Summary. No important event affecting the Company has occurred since the end of the Financial Year.

The Company complies with the requirements under the Companies Ordinance, the GEM Listing Rules and the Securities and Futures Ordinance (the “SFO”) for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group.

The Group respects the environment and is committed to minimising its carbon footprints as a socially responsible enterprise in Hong Kong. Carbon footprint is defined as the total amount of direct and indirect emissions of Green House Gases (GHGs) expressed in terms of the equivalent amount of Carbon Dioxide of (CO₂) emission. Non-hazardous wastes produced from the Group mainly consist of used paper such as office papers and marketing materials. To minimise the impact of carbon footprints on the environment, the Group implements the following practices to use paper efficiently:

- Duplex printing is set as the default mode for most network printers;
- Employees are reminded to practice photocopying wisely;
- Employees are encouraged to use both sides of paper;
- Paper waste is recycled instead of being directly disposed of in landfills;
- Paper is separated from other waste for easier recycling; and
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

Electricity consumption is identified as having an adverse impact on the environment and natural resources. A typical commercial building uses more energy for lighting than for other electric equipment. The Group is determined to reduce energy consumption and implement conservation practices to reduce the effect on carbon footprint. Air conditioning and light zone arrangements reduce unnecessary electricity usage; employees enforce good practices in maintenance of lighting and electric equipment to ensure they are kept in good and proper condition to maximise efficiency.

Report of the Directors

BUSINESS REVIEW (CONTINUED)

Key Risk Factors

The following lists out the key risks and uncertainties facing the Group.

Impact of Local and International Regulations

The business operation of the Group is also subject to government policy, relevant regulations and guidelines established by the regulatory authorities. Failure to comply with the rules and requirements may lead to penalties, amendments or suspension of the business operation by the authorities. The Group closely monitors changes in government policies, regulations and markets as well as conducting studies to assess the impact of such changes.

Third-Party Risks

The Group has been relying on third-party service providers in parts of business to improve performance and efficiency of the Group. While gaining the benefits from external service providers, the management realises that such operational dependency may pose a threat of vulnerability to unexpected poor or lapses in service including reputation damage, business disruption and monetary losses. To address such uncertainties, the Group engages only reputed third-party providers and closely monitors their performance.

Key Relationships with Employees, Customers and Suppliers

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the Financial Year.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyse on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

RESULTS

The results of the Group for the year ended 31 March 2017 are set out in Consolidated Financial Statements on pages 64 to 69.

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 67 and note 32 to the Consolidated Financial Statements respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company has no 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 (2016: distributable reserve amounted to approximately HK\$109,439,000).

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

The percentage of sales for the Finance Year generated from the Group's major customers are as follows:

- | | |
|--------------------------|--------|
| – The largest customer | 20.55% |
| – Five largest customers | 65.79% |

The percentage of purchases for the Finance Year attributable to the Group's major suppliers are as follows:

- | | |
|--------------------------|--------|
| – The largest supplier | 11.04% |
| – Five largest suppliers | 30.54% |

None of the Directors, their close associates (as defined in the GEM Listing Rules) or any shareholders (which to the knowledge of the Directors, owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest customers and suppliers for the Financial Year.

MANAGEMENT CONTRACTS

Save as disclosed herein, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the Financial Year.

PLANT AND EQUIPMENT

Details of movement in plant and equipment during the Financial Year are set out in note 16 to the Consolidated Financial Statements.

BORROWINGS

As at 31 March 2017, the Group had no banking facilities and had no borrowings outstanding (2016: Nil).

Report of the Directors

DIRECTORS

The Directors who hold office during the Financial Year and up to the date of this report are as follows:

Executive Directors

Ms. Ho Chiu Ha Maisy (*Chairlady*)
Mr. Wong Kam Wah
Mr. Leung Man Kit
Mr. Lau Ling Tak
Ms. Man Wing Yee Ginny
Mr. Wang Qiang (*Chief Executive Officer*)

Independent Non-executive Directors

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

The biographical details of each Director are set out below:

Executive Directors

Ms. Ho Chiu Ha Maisy, aged 49, is an Executive Director and Chairlady 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 a member of Hospital Governing Committee of Queen Elizabeth Hospital, honorary vice chairman of Hong Kong United Youth Association, 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, 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)

Executive 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 44, 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").

Mr. Leung Man Kit, aged 63, 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 Limited (stock code: 120) from June 2006 to December 2006. Mr. Leung was an independent non-executive director of Anhui Expressway Company Limited (Stock Code: 995) from August 2005 to August 2011 and Junefield Department Store Group Limited (stock code:758) from December 2002 to May 2013.

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 is 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, China Electronics Optics Valley Union Holding Company Limited (stock code:798) since March 2014 and Luye Pharma Group Limited (stock code: 2186) since June 2014, all of which are listed on the Stock Exchange.

Mr. Lau Ling Tak, aged 42, 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.

Report of the Directors

DIRECTORS (CONTINUED)

Executive Directors (continued)

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 Skyocean International Holdings Limited (Stock Code: 593) which is a physician led provider group offering an integrated range of healthcare services through a network of medical centres, dental and physiotherapy centres.

Ms. Man Wing Yee Ginny, aged 44, 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 is also working as a consultant at Tsun & Partners since 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 46, joined the Group on 7 January 2015 as an Executive Director and appointed as the Chief Executive Officer of the Company on 13 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.

Report of the Directors

DIRECTORS (CONTINUED)

Independent Non-executive Directors

Mr. Chiu Chi Kong, aged 49, 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.

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 has been an independent non-executive director of China Regeneration Medicine International Limited (stock code: 8158) from September 2012 to March 2014 and an independent non-executive director of Heng Xin China Holdings Limited (stock code: 8046) from December 2015 to June 2016.

Mr. William Robert Majcher, aged 54, 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 International Company Limited (stock code: 612) from August 2007 to January 2013 and an independent non-executive director of CCT Land Holdings Limited (stock code: 261) from June 2015 to February 2016 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. Majcher is currently an independent non-executive director of Yorkshire Holdings Limited (stock code: 1048) since November 2015.

Mr. Yau Yan Ming Raymond, aged 49, 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.

Report of the Directors

DIRECTORS (CONTINUED)

Independent Non-executive Directors (continued)

Mr. Yau obtained a Master's 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.

Mr. Yau has over 19 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 independent non-executive director of Life Healthcare Group Limited (stock code: 928) and Enterprise Development Holdings Limited (stock code: 1808) since August 2011 and October 2014 respectively. Mr. Yau has been an executive director of Chinese Energy Holdings Limited (stock code: 8009) from March 2008 to November 2015 and Capital VC Limited (stock code: 2324) from March 2012 to May 2012. He has been an independent non-executive director of Birmingham Sports Holdings Limited (stock code: 2309) from October 2007 to May 2013 and Mason Financial Holdings Limited (stock code: 273) from October 2006 to August 2015, all of which are companies listed on the Stock Exchange.

DIRECTORS' SERVICE CONTRACTS

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. Leung Man Kit, Ms. Man Wing Yee Ginny and Mr. Chiu Chi Kong shall retire from office at the forthcoming annual general meeting of the Company (the "2017 AGM") and, being eligible, offer themselves for re-election, at the 2017 AGM.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed herein, no transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director had a material interest, subsisted at the end of the Financial Year or at any time during the Financial Year.

Report of the Directors

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout 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 2017, 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 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 Officer	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	406,000,000	–	17.40%
	Interest of a controlled corporation	87,062,500	140,000,000	9.73%
Mr. Wong Kam Wah (Note2)	Interest of a controlled corporation	70,000,000	–	3.00%
Ms. Man Wing Yee Ginny	Beneficial owner	440,040,000	–	18.86%
Mr. Wang Qiang	Beneficial owner	100,000,000	–	4.29%
Mr. Lau Ling Tak	Beneficial owner	43,937,500	–	1.88%

Note(s):

- Ms. Ho Chiu Ha Maisy has a total interest in 633,062,500 shares/underlying shares (representing an aggregate of approximately 27.14% shareholding in the Company), of which (i) 87,062,500 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 87,062,500 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; (ii) Ms. Ho Chiu Ha Maisy personal held 406,000,000 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.
- The 70,000,000 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 70,000,000 shares held by Kate Glory Limited.

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 (CONTINUED)

Long positions in the Company (continued)

Convertible bonds

Name of bondholder	Date of issue	Conversion period	Conversion price per share <i>HK\$</i>	Outstanding as at the Latest Practicable Date	Number of underlying shares	Approximate percentage of the issued share capital of the Company
Refulgent Sunrise Limited	5 December 2012	5 December 2012 – 4 December 2017	0.625	140,000,000	140,000,000	6.00%

Save as disclosed above, as at 31 March 2017, 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 2017, 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
Refulgent Sunrise Limited (<i>Note</i>)	Beneficial owner	87,062,500	140,000,000	9.73%
Ms. Li Zhaoxia	Beneficial owner	46,423,333	330,700,000	16.17%
Mr. Zhao Genlong	Beneficial owner	200,000,000	–	8.57%

Note:

Refulgent Sunrise Limited is a company incorporated in BVI with limited liabilities and is owned as to 36% by Ms. Ho Chiu Ha Maisy. As a result, Ms. Ho Chiu Ha Maisy is deemed to be interested in this shareholding through Refulgent Sunrise Limited by virtue of the SFO. Ms. Ho Chiu Ha Maisy personally held 406,000,000 shares.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES (CONTINUED)

Long positions in the Company (continued)

Save as disclosed above, as at 31 March 2017, 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

On 2 September 2015, the Company entered into a sale and purchase agreement with Shining International Limited (the "Vendor") pursuant to which the Vendor has conditionally agreed to sell and transfer, and the Company has conditionally agreed to acquire and accept, the entire issued share capital of Ture Yield Limited, at the maximum consideration of HK\$240 million, which will be satisfied by the issue of a maximum of 444 million new shares to be issued by the Company (the "Sale and Purchase Agreement").

On 27 January 2017, there were increases in the issued share capital of the Company through the issuance of 72,959,333 new ordinary shares pursuant to the Sale and Purchase Agreement. The total number of issued share capital of the Company as at 31 March 2017 was 2,332,959,333 ordinary shares.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities 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 close 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.

Report of the Directors

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.

RELATED PARTIES TRANSACTIONS

Details of related parties transactions of the Group during the Financial Year are set out in note 37 to the financial statements. None of these related party transactions constitute connected transactions as defined under the GEM Listing Rules.

EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into during the Financial Year or subsisting at the end of the Financial Year are set out below:

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.

Report of the Directors

EQUITY-LINKED AGREEMENT (CONTINUED)

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 30 September 2015, 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 2,260,000,000 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 226,000,000 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 available for issue under the Scheme is 241,000,000, representing approximately 10.33% of the issued Shares of the Company as at the date of this report.

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

EQUITY-LINKED AGREEMENT (CONTINUED)

Share Option Scheme (continued)

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.

The total number of shares available for issue under the Share Options Scheme is 241,000,000, representing 10.6% of the issued shares as at the date of this annual report.

Convertible Bonds

As at 31 March 2017, 140,000,000 ordinary shares of the Company with aggregate principal amount of HK\$87,500,000 may be issued under the sale and purchase agreement dated 24 August 2012 in relation to the acquisition of 20% equity interest in Revenue Synthesis Limited. The convertible bonds can be converted into ordinary shares of the Company at a conversion price of HK\$0.625. Details of the convertible bonds of the Company are set out in the announcements of the Company dated 24 August 2012 and 5 December 2012.

Report of the Directors

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE REPORT

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

AUDITORS

The consolidated financial statements for the year ended 31 March 2017 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

UNITAS HOLDINGS LIMITED

Ho Chiu Ha Maisy

Chairman and Executive Director

Hong Kong, 30 June 2017

Independent Auditors' Report



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

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

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
UNITAS HOLDINGS LIMITED
(FORMERLY KNOWN AS CHANCETON FINANCIAL GROUP LIMITED)**

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Unitas Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 64 to 140, which comprise the consolidated statement of financial position as at 31 March 2017, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$198,553,000 during the year ended 31 March 2017 and, as of that date, the Group's current liabilities exceed its current assets by approximately HK\$43,700,000. As stated in Note 3(b), these events or conditions, along with other matters as set forth in Note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditors' Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

How our audit addressed the key audit matter

Impairment assessment on goodwill

Refer to Note 17 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

The Group has goodwill of approximately HK\$98,000,000 relating to the Group's dry bulk shipping business as at 31 March 2017. Management performed impairment assessment on the goodwill and concluded that impairment of approximately HK\$139,948,000 was recognised. Independent external valuation was obtained in order to support management's estimation. The valuation is dependent on certain key assumption that require significant management judgement.

Our procedures in relation to management's impairment assessment on goodwill included:

- Evaluating the independent valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts;
- Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and
- Checking, on a sample basis, the accuracy and relevance of the input data.

We found that the key assumption were supported by the available evidence.

Independent Auditors' Report

KEY AUDIT MATTERS (CONTINUED)

Key audit matter

How our audit addressed the key audit matter

Fair value of contingent consideration payables

Refer to Note 28 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.

As at 31 March 2017, the Group had contingent consideration payables of approximately HK\$39,895,000. Independent external valuations was obtained in order to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement.

Our procedures in relation to management's estimate on the change in fair value of contingent consideration payables included:

- Evaluating the independent valuer's competence, capabilities and objectivity;
- Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts;
- Challenging the reasonableness of key assumptions; and
- Checking, on a sample basis, the accuracy and relevance of the input data.

We found that the fair value of contingent consideration payables was supported by the available evidence.

Independent Auditors' Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Wong Sze Wai, Basilia.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Wong Sze Wai, Basilia

Practising Certificate Number: P05806

Hong Kong, 30 June 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
Revenue	8	198,336	141,151
Cost of operations		(180,411)	(96,530)
Gross profit		17,925	44,621
Other gains and losses	8	9,319	(7,059)
Administrative and operating expenses		(24,028)	(16,660)
Impairment loss recognised in respect of available-for-sale financial assets		–	(8,000)
Impairment loss recognised in respect of trade receivables		(162)	(320)
Impairment loss on goodwill	17	(139,948)	–
Change in fair value of contingent consideration payables	28	102,234	38,909
Finance cost	9	(6,008)	(5,594)
Share of result of an associate	18	(157,541)	(22,657)
(Loss)/profit before tax	10	(198,209)	23,240
Income tax	13	(344)	(4,749)
(Loss)/profit for the year		(198,553)	18,491
Other comprehensive income, net of income tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Share of changes in other comprehensive income in an associate	18	93	79
Other comprehensive income for the year		93	79
Total comprehensive (loss)/income for the year		(198,460)	18,570
(Loss)/profit for the year attributable to:			
Owners of the Company		(198,553)	18,491
Total comprehensive (loss)/income for the year attributable to the owners of the Company		(198,460)	18,570
(Loss)/earnings per share			
Basic and diluted (HK cents)	15	(8.74)	0.83

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

Consolidated Statement of Financial Position

As at 31 March 2017

	Notes	2017 HK\$'000	2016 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	1,250	221
Goodwill	17	98,000	237,948
Interest in an associate	18	–	157,448
Available-for-sale financial assets	21	–	2,000
		99,250	397,617
Current assets			
Trade receivables	19	1,671	2,547
Financial assets at fair value through profit or loss	20	7,470	381
Prepayments, deposits and other receivables	22	18,129	22,913
Promissory note receivable	23	1,666	3,000
Amount due from a related company	24	60	72
Cash and cash equivalents	25	19,138	15,531
		48,134	44,444
Less: Current liabilities			
Other payables and accruals	26	2,146	1,779
Convertible bond	27	83,199	–
Tax payable		6,489	5,346
		91,834	7,125
Net current (liabilities)/assets		(43,700)	37,319
Total assets less current liabilities		55,550	434,936
Less: Non-current liabilities			
Convertible bond	27	–	77,191
Contingent consideration payables	28	39,895	178,609
Deferred tax liabilities	29	710	1,701
		40,605	257,501
Net assets		14,945	177,435

Consolidated Statement of Financial Position

As at 31 March 2017

	Note	2017 HK\$'000	2016 HK\$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital	30	23,330	22,600
Reserves		(8,385)	154,835
Total equity		14,945	177,435

Approved and authorised for the issue by the Board on 30 June 2017 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.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2017

	Attributable to the 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))	Accumulated losses HK\$'000	Total equity HK\$'000
At 1 April 2015	22,200	124,131	529	(15)	22,856	1,954	(33,190)	138,465
Profit for the year	-	-	-	-	-	-	18,491	18,491
Other comprehensive income for the year, net of income tax	-	-	-	79	-	-	-	79
Total comprehensive income for the year	-	-	-	79	-	-	18,491	18,570
Issue of consideration shares	400	20,000	-	-	-	-	-	20,400
At 31 March 2016 and 1 April 2016	22,600	144,131	529	64	22,856	1,954	(14,699)	177,435
Loss for the year	-	-	-	-	-	-	(198,553)	(198,553)
Other comprehensive income for the year, net of income tax	-	-	-	93	-	-	-	93
Total comprehensive loss for the year	-	-	-	93	-	-	(198,553)	(198,460)
Release upon deregistration of subsidiaries	-	-	(510)	-	-	-	-	(510)
Issue of consideration shares	730	35,750	-	-	-	-	-	36,480
As at 31 March 2017	23,330	179,881	19	157	22,856	1,954	(213,252)	14,945

Notes:

- (i) The amount represented the difference between the nominal amount of shares issued by the Company and the aggregate amount of the share capital of subsidiaries acquired under common control pursuant to the reorganisation during the year ended 31 March 2012.
- (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 convertible bond issued during the year ended 31 March 2013 (Note 27).
- (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 2017

	Notes	2017 HK\$'000	2016 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(198,209)	23,240
Adjustments for:			
Depreciation of property, plant and equipment		151	37
Gain on disposal of property, plant and equipment		–	(11)
Gain on settlement of promissory note receivables and interest receivables		(108)	–
Impairment loss recognised in respect of other receivables		148	–
Fair value change on financial assets at fair value through profit or loss		(7,503)	7,695
Fair value change on contingent consideration payables	28	(102,234)	(38,909)
Gain on deregistration of subsidiaries		(510)	–
Impairment loss on goodwill	17	139,948	–
Impairment recognised in respect of available-for-sale financial assets	21	–	8,000
Impairment loss recognised in respect of trade receivables	19	162	320
Share option received for services rendered to a client		–	(5,347)
Share of result of an associate	18	157,541	22,657
Finance cost	9	6,008	5,594
Operating cash flows before movements in working capital		(4,606)	23,276
Increase in trade receivables		(3,991)	(4,922)
Decrease/(increase) in prepayments, deposits and other receivables		3,171	(22,382)
Decrease/(increase) in amount due from a related company		12	(20)
Increase in other payables and accruals		367	968
Cash used in operations		(5,047)	(3,080)
Hong Kong tax paid		(192)	(22)
Net cash outflow from operating activities		(5,239)	(3,102)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(1,180)	(225)
Proceeds from disposal of property, plant and equipment		–	11
Payments for acquisition of promissory note		–	(3,000)
Net proceeds from disposal of financial assets at fair value through profit or loss		9,620	2,805
Payment for acquisition of financial assets at fair value through profit or loss		(1,594)	–
Proceeds from disposal of available-for-sale financial assets	21	2,000	–
Net cash inflow/(outflow) from investing activities		8,846	(409)

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,607	(3,511)
Cash and cash equivalents at the beginning of the year	15,531	19,042
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	19,138	15,531
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	19,138	15,531

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

1. CORPORATE INFORMATION

Unitas Holdings Limited (formerly known as Chanceton Financial Group Limited) 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 Room 801B, 8/F., Tsim Sha Tsui Centre West Wing, No.66 Mody Road, Tsim Sha Tsui, Kowloon, 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. Principal activities of its subsidiaries are disclosed in Note 33.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company. All values are rounded to the nearest thousand (HK\$'000), 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 year beginning on 1 April 2016. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2012-2014 Cycle
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendments)	Accounting for Acquisition of Interests in Joint Operation
HKFRS 14	Regulatory Deferral Accounts
HKAS 1 (Amendments)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

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 to HKFRSs 2014-2016 cycle ⁵
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment ²
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contract ²
HKFRS 9	Financial Instruments ²
HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture ⁴
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 15 (Amendments)	Clarifications to HKFRS 15 Revenue from Contracts with Customers ²
HKFRS 16	Leases ³
HKAS 7 (Amendments)	Disclosure Initiative ¹
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses ¹
HKFRS 40 (Amendments)	Transfers of Investment Property ²
HK(IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration ²

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

² Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

⁴ Effective for annual periods beginning on or after a date to be determined.

⁵ Effective for annual periods beginning on or after 1 January 2017 and 2018, as appropriate.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 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* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

HKFRS 9 *Financial Instruments* (continued)

- 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; and
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018.

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

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

The amendments to HKFRS 10 and HKAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of 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, 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 of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value 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.

The directors do not anticipate that the application of these amendments to HKFRS 10 and HKAS 28 will have a material impact on the Group’s consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

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.

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

HKFRS 15 Revenue from Contracts with Customers (continued)

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.

The directors anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

HKFRS 16 Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases”, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classify cash repayments of the lease liability into a principal portion and an interest portion and present them in the statement of cash flows. Also, the right-of use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for lease that are classified as operating leases under the predecessor standard, HKAS 17.

As set out in Note 36, total operating lease commitment of the Group in respect of its office premises as at 31 March 2017 was amounting to approximately HK\$998,000. The directors do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group’s results but it is expected that certain portion of these commitments will be required to be recognised in the consolidated statement of financial position as right-of use assets and lease liabilities. Other than that, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

The directors do not anticipate that the application of these amendments to HKFRS 16 will have a material impact on the Group’s consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on the GEM of the Stock Exchange of Hong Kong Limited and by the disclosure requirement Hong Kong Companies Ordinance (“CO”).

(b) Basis of preparation

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation (continued)

Going concern

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

- The Group has incurred a net loss of approximately HK\$198,553,000 during the year ended 31 March 2017 and, as of that date, the Group had net current liabilities of approximately HK\$43,700,000; and
- The Group had convertible bond of approximately HK\$83,199,000 which is due within the next twelve months after 31 March 2017. The directors of the Company adopted the going concern basis in the preparation of consolidated financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

(1) *Financial support*

Four of our major shareholders and the convertible notes holder, have confirmed to provide continuing financial support to the Group to enable it to continue as a going concern and to settle the liabilities as and when they fall due.

(2) *Alternative source of funding*

The Group is actively considering to raise new capital by carrying out fund raising activities including but not limited to rights issue, open offer and placing of new shares.

(3) *Control policy for operating cost*

The Group will implement operation plans to control costs and generate adequate cash flows from the Group's operations.

In the opinion of the directors of the Company, in light of the various measures/arrangements implemented after the end of the reporting period, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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. Control is achieved when the Company:

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

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

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

(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; and

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combination (continued)

- 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.

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 (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combination (continued)

Contingent consideration (continued)

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.

(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 *Non-current Assets Held for Sale and Discontinued Operations*. 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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 to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) 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 (such as a sale or contribution of assets), 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

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

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

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

(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:

(i) *Income from provision of corporate finance advisory service:*

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Revenue recognition (continued)

(ii) *Income from dry bulk shipping:*

Income from time charter of dry bulk shipping is recognised on a straight-line basis over the period of each charter.

Income from voyage charter of dry bulk shipping is recognised on a percentage-of-completion basis, which is determined on the time proportion method of each individual voyage.

(iii) *Management service fee income:*

Management service fee income is recognised when services are provided.

(iv) *Interest income:*

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

(i) Property, plant and equipment

Property, 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 property, 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 property, 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 property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

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

Leasehold improvement:	50% or over the shorter of the lease term
Furniture, fixtures and equipment:	20% – 40%
Motor vehicles:	33.33%

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

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

An item of property, 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 property, 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.

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

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Foreign currencies (continued)

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 35.

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Taxation (continued)

Deferred tax (continued)

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.

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), '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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees 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.

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 (asset or liability) to be designated as at FVTPL.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL (continued)

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.

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale 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.

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 receivables, deposits and other receivables, promissory note receivable, 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

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.

Objective evidence of impairment could include:

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

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

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible bonds (continued)

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.

Other financial liabilities

Other financial liabilities (including other payables and accruals) 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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Financial instruments (continued)

Derecognition

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

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

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

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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 on 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 transactions

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

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Related parties transactions (continued)

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiaries is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity for an associate or joint venture of a member of a group which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employees are also related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

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 and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of the person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and a related party, regardless of whether a price is charged.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or to provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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, accounting estimates and assumptions

The critical judgements, apart from those involving estimations are 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.

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

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies, accounting estimates and assumptions (continued)

Impairment of trade 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.

Impairment of other receivables and promissory note receivable

The Group estimates impairment losses for other receivables and promissory note receivable resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the other receivables and promissory note receivable balance, receivables creditworthiness, and historical write-off experience. If the financial conditions of the receivables were to deteriorate, actual write-offs would be higher than estimated.

Useful lives and impairment of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, 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.

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies, accounting estimates and assumptions (continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value.

The carrying amounts of goodwill at the end of the reporting period were approximately HK\$98,000,000 (2016: HK\$237,948,000) and an impairment loss amounted to approximately HK\$139,948,000 was recognised during the year ended 31 March 2017 (2016: Nil).

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 2017. The Group has engaged an independent valuer to carry out a valuation of the interest in an associate as at 31 March 2017 based on the value in use calculations.

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

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.

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 Notes 5(c) and 21. Should there be changes in assumptions due to change in market conditions, the fair value of the AFS financial assets will change in future.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Critical judgements in applying accounting policies, accounting estimates and assumptions (continued)

Fair value of contingent liabilities

In determining the fair value of contingent consideration payables which require the management of the Group to exercise the estimation of value-in-use of the cash-generating units and involves certain estimates. The fair values were determined with reference to the valuations as at those dates performed by an independent valuer. The valuation was calculated based on the probability-weighted scenario analysis which determined the expected value by the sum of fair value of consideration shares expected to be allotted and issued and promissory note with the expected discount cash flow.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

	2017 HK\$'000	2016 HK\$'000
Financial assets		
Financial assets at FVTPL	7,470	381
AFS financial assets	–	2,000
Loan and receivables (including cash and bank balances)		
– Trade receivables	1,671	2,547
– Deposits and other receivables	17,696	22,749
– Promissory note receivable	1,666	3,000
– Amount due from a related company	60	72
– Cash and cash equivalents	19,138	15,531
	47,701	46,280
	2017 HK\$'000	2016 HK\$'000
Financial liabilities		
Amortised costs		
– Other payables and accruals	2,146	1,779
– Convertible bond	83,199	77,191
	85,345	78,970
At fair value		
– Contingent consideration payables	39,895	178,609

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise financial assets at FVTPL, AFS financial assets, trade receivables, deposits and other receivables, promissory note receivable, amount due from a related company, cash and cash equivalents, other payables and accruals, contingent consideration payables 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 market risk (including foreign currency risk), credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are measured by sensitivity analysis. Details of sensitivity analysis for foreign currency risk and interest rate risk are set out below.

Foreign currency risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group carries out its business mainly in Hong Kong and all of the transactions are denominated in HK\$. The Group's assets and liabilities are mainly denominated in HK\$, except certain bank balances are denominated in United States dollars ("US\$"). As Hong Kong dollar are pegged to US\$, it is assumed that there would be no material currency risk exposure between these two currencies. The Group does not have any formal hedging policies.

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, promissory note receivable, 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, promissory note receivable, amount due from a related company and financial assets included in deposits and other receivables are disclosed in Notes 19, 20, 22, 23 and 24 respectively.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

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.

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 2017 would decrease or increase by approximately HK\$374,000 (2016: profit before tax increases or decrease approximately HK\$19,000). This is mainly due to change in fair value of financial assets at FVTPL.
- AFS financial asset equity reserve would remain unchanged (2016: approximately HK\$100,000) due to change in fair value of 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.

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:

31 March 2017

	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						
Other payables and accruals	–	2,146	–	–	2,146	2,146
Convertible bond	7.80	87,500	–	–	87,500	83,199
		89,646	–	–	89,646	85,345

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Liquidity risk (continued)

31 March 2016

	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						
Other payables and accruals	–	1,779	–	–	1,779	1,779
Convertible bond	7.80	–	87,500	–	87,500	77,191
		1,779	87,500	–	89,279	78,970

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

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

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For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

31 March 2017

	Carrying amount HK\$'000	Fair value HK\$000
Financial liability		
Convertible bond	83,199	83,981

31 March 2016

	Carrying amount HK\$'000	Fair value HK\$000
Financial liability		
Convertible bond	77,191	78,377

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 2017

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial assets at FVTPL	5,279	–	2,191	7,470
Financial liability				
Contingent consideration payables	–	–	39,895	39,895

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

31 March 2016

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets				
Financial assets at FVTPL	–	–	381	381
AFS financial assets	–	2,000	–	2,000
	–	2,000	381	2,381
Financial liability				
Contingent consideration payables	–	–	178,609	178,609

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

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL HK\$'000
As at 1 April 2015	2,534
Share options granted by a customer	5,347
Unrealised loss recognised in profit or loss	(7,500)
As at 31 March 2016 and 1 April 2016	381
Unrealised loss recognised in profit or loss	1,810
At 31 March 2017	2,191

Reconciliation of Level 3 fair value measurements of financial liabilities

	Contingent consideration payables HK\$'000
As at 1 April 2015	–
Arising from acquisition of subsidiaries (Note 34)	217,518
Fair value gain recognised in profit or loss	(38,909)
At 31 March 2016 and 1 April 2016	178,609
Consideration shares issued	(36,480)
Fair value gain recognised in profit or loss	(102,234)
At 31 March 2017	39,895

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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			Valuation techniques and key inputs	Significant unobservable inputs
	31 March 2017	31 March 2016	Fair value hierarchy		
1) Financial assets at FVTPL (Note 20)	Unlisted share options in Hong Kong: HK\$2,191,000	Unlisted share options in Hong Kong: HK\$381,000	Level 3	Binomial option pricing model (Note (i))	The expected share price volatility is 66.46% (2016: 61.56%) with reference to 7.23-8.06 years (2016: 8.23-9.06 years) historical weekly volatilities of comparable companies, an average risk-free rate of 1.43-1.48% (2016: 1.10-1.15%). If the price volatility was 5% higher/lower while all other variables were held constant, the carrying amount of share options would increase/decrease by approximately HK\$99,000 and HK\$205,000 respectively (2016: HK\$81,000 and HK\$64,810).
	Listed equity securities in Hong Kong: HK\$5,279,000	N/A	Level 1	Quoted bid prices in an active market	N/A
2) AFS financial assets (Note 21)	N/A	20% equity investment in Bao Sheng Ventures Limited which held 3.5% in Lovonko Co Ltd. engaged in exploration, utilisation and trading of mining resource: HK\$2,000,000	Level 2	N/A	As set out in Note 21.

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For the year ended 31 March 2017

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Financial assets and liabilities	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	31 March 2017	31 March 2016			
3) Contingent consideration approximately (Note 28)	Liabilities approximately HK\$39,895,000	Liabilities approximately HK\$178,609,000	Level 3	Probability weighted scenario analysis (Note (ii))	Discount rate of 7.03% (2016: 7.19%) for the promissory note issuable determined by reference to comparable corporate bonds and the probability adjustment on the occurrence of the expected event. If the discount rate was 1 % higher/lower while all other variables were held constant, the carrying amount of contingent consideration payables would decrease/increase by approximately HK\$391,000 and HK\$409,000 respectively (2016: HK\$561,000 and HK\$591,000). Probability weightings of respective scenarios of 50%, 25% and 25%. Higher/lower the probability of low future net profit would decrease/increase the fair value of contingent consideration payables.

Notes:

- (i) Binomial option pricing model determines the fair value of the assets by adopting discrete time, non-closed form model of varying price over time of the underlying instruments.
- (ii) The probability-weighted scenario analysis determines the fair value of the consideration payables under different scenarios of future net profit.

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For the year ended 31 March 2017

6. CAPITAL RISK MANAGEMENT

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

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

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

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

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

	2017 HK\$'000	2016 HK\$'000
Total debts#	123,094	255,800
Total equity	14,945	177,435
Gearing ratio	823.65%	144.17%

Total debts represent the convertible bond and contingent consideration payables.

7. SEGMENT INFORMATION

Information reported to the management of the Group, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performances focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organised and specifically focuses on the Group's operating divisions. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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7. SEGMENT INFORMATION (CONTINUED)

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

- corporate finance advisory service
- dry bulk shipping

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

	Corporate finance advisory service		Dry bulk shipping		Consolidated	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Revenue	6,124	17,823	192,212	123,328	198,336	141,151
Segment results	4,678	11,612	(132,696)	23,965	(128,018)	35,577
Unallocated corporate expenses					(10,715)	(14,999)
Unallocated corporate income					1,839	4
Impairment loss recognised in respect of AFS financial assets					-	(8,000)
Change in fair value of contingent consideration payables					102,234	38,909
Share of result of an associate					(157,541)	(22,657)
Finance cost					(6,008)	(5,594)
(Loss)/profit before tax					(198,209)	23,240
Income tax					(344)	(4,749)
(Loss)/profit for the year					(198,553)	18,491

Revenue reported was generated from external customers. There were no inter-segment sales for the year (2016: Nil).

Segment results represent the (loss incurred)/profit earned by each segment without allocation of other gains and losses, impairment loss recognised in respect of AFS financial assets, change in fair value of contingent consideration payables, share of result of an associate, finance cost and income tax. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

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For the year ended 31 March 2017

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Corporate finance advisory service		Dry bulk shipping		Consolidated	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Segment assets	13,259	7,722	128,905	264,186	142,164	271,908
Unallocated assets					5,220	170,153
Consolidated total assets					147,384	442,061
Segment liabilities	2,209	1,438	5,338	4,781	7,547	6,219
Unallocated liabilities					124,892	258,407
Consolidated total liabilities					132,439	264,626

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate financial assets, interest in an associate and promissory note receivable;
- all liabilities are allocated to reportable segments other than convertible bond, contingent consideration payables and other corporate financial liabilities.

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7. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Corporate finance advisory service		Dry bulk shipping		Unallocated		Consolidated	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Other segment information								
Depreciation of property, plant and equipment	(41)	(25)	(110)	(12)	-	-	(151)	(37)
Impairment loss recognised in respect of AFS financial assets	-	-	-	-	-	(8,000)	-	(8,000)
Impairment loss recognised in respect of trade receivables	(162)	(320)	-	-	-	-	(162)	(320)
Change in fair value of contingent consideration payables	-	-	-	-	102,234	38,909	102,234	38,909
Gain on disposal of property, plant and equipment	-	11	-	-	-	-	-	11
Net proceed from disposal of financial assets at FVTPL	9,620	2,805	-	-	-	-	9,620	2,805
Share of result of an associate	-	-	-	-	(157,541)	(22,657)	(157,541)	(22,657)
Impairment loss on goodwill	-	-	(139,948)	-	-	-	(139,948)	-
Gain on settlement of promissory note receivable and interest receivable	108	-	-	-	-	-	108	-
Impairment loss recognised in respect of other receivables	(148)	-	-	-	-	-	(148)	-
Gain on deregistration of subsidiaries	-	-	-	-	510	-	510	-
Fair value change in financial assets at FVTPL	5,693	(195)	-	-	1,810	(7,500)	7,503	(7,695)
Additions to non-current assets*	1,180	13	-	238,160	-	-	1,180	238,173

* The amount represents additions to property, plant and equipment, goodwill for the years ended 31 March 2017 and 2016.

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7. SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Customer A	37,783	52,100
Customer B (Note)	40,753	N/A
Customer C (Note)	23,359	N/A
Customer D (Note)	21,762	N/A

Note: The customer contributed less than 10% of the total revenue of the Group during last year.

Geographical information

The Group's operations are located in Hong Kong and overseas.

For the years ended 31 March 2017 and 2016, all of the Group's revenue is derived from Hong Kong and overseas.

The revenues generated from corporate financial advisory service is mainly in Hong Kong and provision of dry bulk shipping business services are classified into international shipping. For the geographical information, freight revenues from dry bulk shipping are analysed based on the destination of the ports at different geographical territory.

	Revenue	
	2017 HK\$'000	2016 HK\$'000
Hong Kong	6,124	17,823
Overseas:		
– Asia Pacific	53,896	3,514
– Europe	132,684	67,714
– Southwest Asia	5,632	52,100
	198,336	141,151

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

7. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

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	
	2017 HK\$'000	2016 HK\$'000
The PRC	–	157,448
Hong Kong	99,250	240,169
	99,250	397,617

8. REVENUE AND OTHER GAINS AND LOSSES

Revenue represents income received from dry bulk shipping and related business and corporate finance advisory services rendered during the year.

An analysis of the revenue of the Group by principal activities are as follows:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Corporate finance advisory service income	6,124	17,823
Dry bulk shipping business income	192,212	123,328
	198,336	141,151

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8. REVENUE AND OTHER GAINS AND LOSSES (CONTINUED)

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

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Interest income from a promissory note receivable	1,143	599
Gain on disposal of property, plant and equipment	–	11
Sundry income	203	26
Impairment loss on other receivables	(148)	–
Gain on settlement of promissory note receivable and interest receivable	108	–
Gain on deregistration of subsidiaries	510	–
Fair value change in financial assets at FVTPL:		
– Unrealised gain/(loss) on financial assets at FVTPL	5,872	(7,500)
– Realised gain/(loss) on financial assets at FVTPL	1,631	(195)
	9,319	(7,059)

9. FINANCE COST

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Imputed interest on convertible bond (Note 27)	6,008	5,594

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10. (LOSS)/PROFIT BEFORE TAX

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

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Employee benefit expenses (including directors' and chief executive officer's emoluments) (Note 11)		
– Wages, salaries, allowance and bonus	12,577	7,849
– Contribution to retirement benefits schemes	267	211
	12,844	8,060
Depreciation of property, plant and equipment	151	37
Auditors' remuneration		
– audit services	600	500
– non-audit services	100	100
	700	600
Minimum lease payments under operation leases		
– Property rental	1,212	587

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Details of directors' and chief executive officer's emolument are as follows:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Fee	540	540
Other emoluments:		
Salaries, allowance, bonuses and benefits in kind payment expenses	5,381	3,235
Contribution to retirement benefits schemes (defined contribution scheme)	111	109
	6,032	3,884

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

The emoluments paid or payable to each of the nine (2016: ten) directors and the chief executive officer were as follows:

Name of directors	Fee		Salaries		Other benefit contributions		Pension scheme remuneration		Total	
	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Executive directors										
Ms. Ho Chiu Ha Maisy (Chairman)	-	-	300	300	-	-	15	15	315	315
Mr. Wang Qiang (Chief Executive Officer) (Note (b))	-	-	629	85	-	-	-	-	629	85
Mr. Wong Kam Wah ("Mr. Wong") (Note (a))	-	-	1,202	1,200	1,000	-	18	18	2,220	1,218
Mr. Leung Man Kit	-	-	300	300	-	-	15	15	315	315
Mr. Lau Ling Tak	-	-	900	600	75	75	18	17	993	692
Ms. Man Wing Yee Ginny	-	-	900	600	75	75	18	17	993	692
	-	-	4,231	3,085	1,150	150	84	82	5,465	3,317
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
Total	540	540	4,231	3,085	1,150	150	111	109	6,032	3,884

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.

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

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

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 (2016: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2016: Nil).

12. EMPLOYEES' EMOLUMENTS

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included four executive directors (2016: three) whose emoluments were reflected in the analysis presented in Note 11 to the consolidated financial statements. The emolument of the remaining one individual (2016: two) was as follows:

	Year ended 31 March	
	2017	2016
	HK\$'000	HK\$'000
Salaries	454	864
Allowances and bonuses	1,710	731
Contribution to retirement benefits schemes (defined contribution scheme)	18	36
	2,182	1,631

The emolument of the one (2016: two) individual who is non-director, with the highest emoluments are within the following band:

	Number of individuals	
	Year ended 31 March	
	2017	2016
Nil to HK\$1,000,000	–	2
HK\$1,000,001 to HK\$2,500,000	1	–

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 (2016: Nil).

There was no arrangement under which the five highest paid individuals as an inducement to join, or upon joining the Group, or as a compensation for loss of office (2016: Nil).

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For the year ended 31 March 2017

13. INCOME TAX

Hong Kong profits tax is calculated at the rate of 16.5% (2016: 16.5%) of the estimated assessable profit arising in Hong Kong during the year.

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Current tax – Hong Kong	1,335	5,672
Deferred tax (Note 29)	(991)	(923)
	344	4,749

The tax expenses for the year can be reconciled to the (loss)/profit before tax per the consolidation statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March			
	2017		2016	
	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	(198,209)		23,240	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	(32,704)	16.5	3,835	16.5
Tax effect of income not taxable for tax purposes	(18,266)	9.2	(6,422)	(27.6)
Tax effect of expenses not deductible for tax purposes	50,250	(25.4)	6,552	28.2
Tax effect of taxable temporary difference not recognised	(119)	–	(4)	–
Tax effect of tax losses not recognised	1,183	(0.6)	788	3.4
Tax expenses for the year	344	(0.2)	4,749	20.5

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For the year ended 31 March 2017

14. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 March 2017 (2016: Nil).

15. (LOSS)/EARNINGS PER SHARE

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

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
(Loss)/profit attributable to the owners of the Company for the purpose of basic and diluted (loss)/earnings per share	(198,553)	18,491

	Year ended 31 March	
	2017 '000	2016 '000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	2,272,593	2,240,603

During the years ended 31 March 2017 and 2016, the Company's outstanding convertible bond and share options were not included in the calculation of diluted (loss)/earnings per share because the effect of the Company's outstanding convertible bond and share options were anti-dilutive and therefore the diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share.

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16. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle <i>HK\$'000</i>	Leasehold improvement <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 1 April 2015	–	–	484	484
Additions	–	185	40	225
Disposals	–	–	(49)	(49)
Written off	–	–	(231)	(231)
At 31 March 2016 and 1 April 2016	–	185	244	429
Additions	1,180	–	–	1,180
At 31 March 2017	1,180	185	244	1,609
Accumulated depreciation				
At 1 April 2015	–	–	451	451
Charge for the year	–	10	27	37
Eliminated on disposals	–	–	(49)	(49)
Written off	–	–	(231)	(231)
At 31 March 2016 and 1 April 2016	–	10	198	208
Charge for the year	33	105	13	151
At 31 March 2017	33	115	211	359
Carrying amounts				
At 31 March 2017	1,147	70	33	1,250
At 31 March 2016	–	175	46	221

Notes to Consolidated Financial Statements

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17. GOODWILL

	HK\$'000
Cost	
At 1 April 2015	–
Arising from business combination (Note 34)	237,948
At 31 March 2016, 1 April 2016 and 31 March 2017	237,948
Accumulated impairment	
At 1 April 2015, 31 March 2016 and 1 April 2016	–
Impairment for the year	139,948
At 31 March 2017	139,948
Carrying amounts	
At 31 March 2017	98,000
At 31 March 2016	237,948

Note:

Goodwill arose from the acquisition of Ture Yield Limited and its subsidiaries which has completed on 25 September 2015. Goodwill was allocated to the groups of cash-generating units identified according to the operations, which was substantially allocated to the investment in dry bulk shipping business.

Particular of impairment testing on goodwill is disclosed below:

Goodwill has been allocated for impairment testing purposes to the following cash-generating units ("CGU"):

- Dry bulk shipping business

The recoverable amount of the CGU is determined based on value-in-use calculation, which is based on discounted cash flow sourced from the financial budgets approved by the management covering a 5-years period, and the discount rate approximately 14.01% (2016: 15.34%) that reflects current market assessment of the time value of money and the risks specific to the CGU. Cash flows beyond 5-years period have been extrapolated using 3% growth rate per annum.

As the carrying amounts of this CGU is lower than the recoverable amount, impairment loss of approximately HK\$139,948,000 (2016: Nil) was recognised during the year ended 31 March 2017. The decrease in the recoverable amount mainly due to (i) the severe market conditions; (ii) competitive pricing strategies implemented by the Group to secure shipping orders; and (iii) the decrease in profit margin of dry bulk shipping business.

As the goodwill has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment loss.

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17. GOODWILL (CONTINUED)

The key assumptions used in the value-in-use calculations for the cash-generating units are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margin achieved in the period immediately before the budget period which reflect past experience.

18. INTEREST IN AN ASSOCIATE

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 Limited ("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 are set out below:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Unlisted shares, at cost	288,930	288,930
Share of post-acquisition loss and other comprehensive loss, net of dividend received	(222,842)	(65,394)
	66,088	223,536
Less: Impairment loss recognised in respect to interest in an associate	(66,088)	(66,088)
	–	157,448

Notes to Consolidated Financial Statements

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18. INTEREST IN AN ASSOCIATE (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associates recognised in the consolidated financial statements:

	Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Net (liabilities)/assets of an associate	(10,566)	718,314
Proportion of the Group's ownership interest	25%	25%
Share of net (liabilities)/assets of an associate	(2,642)	179,579
Goodwill	46,715	46,715
Movement of reserves in an associate*	(2,758)	(2,758)
Impairment recognised	(66,088)	(66,088)
Others	24,773	–
Carrying amount of an associate	–	157,448

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

During the year ended 31 March 2017, the Professor Li Zelin (“Professor Li”), the major pharmacology inventor of the AIDS medication capsule (祛毒增寧膠囊) (the “IDS Medication Capsule”), passed away on 19 September 2016. Following the passing away of Professor Li, majority of the existing researchers, who had followed Professor Li for many years, had gradually left the clinical trials operation of the AIDS Medication Capsule. The progress of the clinical trials of the AIDS Medication Capsule become stagnant since early 2017 despite effort has been placed by the Company to mitigate the impact on the passing away of Professor Li including but not limited to talent retention, communication with the other shareholder of Revenue Synthesis Limited and re-designation of legal representative of 北京世紀康醫藥科技開發有限公司.

Upon several discussions and negotiations with the controlling shareholder of Revenue Synthesis Limited (the “Controlling Shareholder”) on future business strategies of the AIDS medication business, the Controlling Shareholder had expressed its will that no further investments will be made to the AIDS medication business. Given the above-mentioned and having considered (i) huge resources has to be injected into the AIDS medication business to re-initiate the closing of phase IIB clinical trials and to commence Phase IIC clinical trials of the AIDS Medication Capsule; (ii) material uncertainties may arise to source for suitable experts and potential business partners to complete the remaining clinical trials of the AIDS medication capsule; (iii) the Company assessed that the overall time table to commercialize the AIDS Medication Capsule would definitive be postponed seriously; and (iv) the patent of the AIDS Medication Capsule will expire in 2024, the management considered the associate itself could hardly commercialise the AIDS Medication Capsule in the absence of support from the Controlling Shareholder and Professor Li and has been looking for opportunity to divest the AIDS medication business.

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18. INTEREST IN AN ASSOCIATE (CONTINUED)

The Group carried out a review of the recoverable amount of the patent held by the associate. The recoverable amount was determined based on value in use calculations under income approach. The value in use calculations used cash flow projections based on the financial budgets approved by the management covering the useful live of the patent. The discount rate used is 16.63% per annum.

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 2017 and 2016, 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.

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18. INTEREST IN AN ASSOCIATE (CONTINUED)

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

	Revenue Synthesis Year ended 31 March	
	2017 HK\$'000	2016 HK\$'000
Current assets	772	1,630
Non-current assets	26	970,524
Current liabilities	(11,364)	(12,090)
Non-current liabilities	–	(241,750)
Revenue	–	–
Loss for the year	(729,329)	(90,629)
Loss attributable to the Group	(157,541)	(22,657)
Other comprehensive income for the year	374	315
Total comprehensive loss for the year	(728,955)	(90,314)
Other comprehensive income attributable to the Group	93	79
Dividends received from the associate for the year	–	–

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18. INTEREST IN AN ASSOCIATE (CONTINUED)

(c) Impairment on interest in an associate

The recoverable amounts of the interest in associates for the year ended 31 March 2016 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 determined 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 15.25%.

(d) Unrecognised share of loss of associate

	2017 HK\$'000	2016 HK\$'000
The unrecognised share of loss of associates for the year	24,884	–
Cumulative share of loss of associate	24,884	–

19. TRADE RECEIVABLES

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.

	2017 HK\$'000	2016 HK\$'000
Trade receivables	1,671	2,547

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

	2017 HK\$'000	2016 HK\$'000
Current to 30 days	715	680
31 – 60 days	300	190
61 – 90 days	150	350
Over 91 days	506	1,327
	1,671	2,547

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19. TRADE RECEIVABLES (CONTINUED)

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current to 30 days	715	680
31 – 60 days	300	190
61 – 90 days	150	350
Over 91 days	506	1,327
	1,671	2,547

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.

Movements of impairment loss on trade receivables:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
As at 1 April	–	405
Impairment loss recognised on trade receivables	162	320
Written off during the year	(162)	(725)
As at 31 March	–	–

Impairment loss recognised in respect of trade receivables are individually impaired trade receivables with balance of approximately HK\$162,000 (2016: HK\$320,000). The individual impaired receivables related to customers that were in financial difficulties and directors assessed that the receivables were not expected to be recovered. The impaired trade receivables are overdue more than 91 days.

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20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK\$'000	2016 HK\$'000
Unlisted share options, at fair value (Note (i))	2,191	381
Listed equity securities, at fair value (Note (ii)) – listed in Hong Kong	5,279	–
	7,470	381

Note:

- (i) During the year ended 31 March 2016, the Group received 13,000,000 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.
- (ii) During the year ended 31 March 2017, the Group received 15,000,000 and 10,000,000 share options granted by China Household Holdings Limited and Sino Haijing Holdings Limited respectively for settlement of outstanding trade receivable. The Group measured the fair value of the share options granted by the client at the grant date. The share options were fully exercised during the year.

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017 HK\$'000	2016 HK\$'000
Unlisted investments:		
– Equity securities, at fair value (Note (a))	–	2,000
Analysed for reporting purposes as:		
– Non-current assets	–	2,000
– Current assets	–	–
	–	2,000

Notes:

- (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 representative 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 during the years ended 31 March 2016, the directors consider it is an objective evidence of impairment. During the year ended 31 March 2016, an impairment loss on AFS financial assets of approximately HK\$8,000,000 has been recognised in the consolidated statement of profit or loss and other comprehensive income. The AFS financial assets was disposed on 29 August 2016 with the consideration approximately HK\$2,000,000.

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22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2017 HK\$'000	2016 HK\$'000
Prepayments	433	164
Deposits and other receivables*	17,696	22,749
	18,129	22,913

* The balance included an amount of approximately HK\$16,749,000 with credit term 90 days for the year ended 31 March 2017 (2016: HK\$21,361,000). The remaining amounts were recoverable on demand.

23. PROMISSORY NOTE RECEIVABLE

On 9 October 2015, the Group subscribed a promissory note of HK\$3,000,000 from China Household Holdings Limited, a company incorporated in Bermuda with limited liability. The promissory note is subscribed at 3% interest rate per month with 3 months maturity from the date of issue. The promissory note has been subsequently extended on 9 January 2016, 8 April 2016 and 14 October 2016.

On 14 October 2016, the promissory note receivables and interest receivables were partly settled by a convertible bond issued by China Household Holdings Limited. The outstanding amount of the promissory note is approximately HK\$1,666,000. The promissory note has been subsequently extended on 1 January 2017 and 31 March 2017 respectively. The average effective interest rate is approximately 4% per annum. The promissory note receivable will mature on 30 September 2017.

24. AMOUNT DUE FROM A RELATED COMPANY

	Maximum outstanding balance during the year	2017 HK\$'000	2016 HK\$'000
Chanceton Corporate Services Limited	72	60	72

The amount due from a related company is unsecured, interest free and recoverable on demand. The amount due mainly represents management fee income and professional fee expenses receivable from a related company.

The director and beneficial interest owner of the Company, Mr. Wong, is also the director of the related company.

25. CASH AND CASH EQUIVALENTS

	2017 HK\$'000	2016 HK\$'000
Cash at banks and on hand	19,138	15,531

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

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For the year ended 31 March 2017

26. OTHER PAYABLES AND ACCRUALS

	2017 HK\$'000	2016 HK\$'000
Other payables and accruals	2,146	1,779

27. CONVERTIBLE BOND

On 5 December 2012, the Company issued 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 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 the convertible bond.

The 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 on initial recognition is 7.80% per annum.

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

	As date of issue HK\$'000
Fair value of convertible bond	87,486
Liability component	(60,111)
Equity component	27,375

The movement of the liability component of the convertible bond for the years ended 31 March 2017 and 2016 were as follows:

	HK\$'000
As at 1 April 2015	71,597
Interests charged for the year (Note 9)	5,594
As at 31 March 2016 and 1 April 2016	77,191
Interests charged for the year (Note 9)	6,008
As at 31 March 2017	83,199

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27. CONVERTIBLE BOND (CONTINUED)

Analysed for reporting purposes as:

	2017 HK\$'000	2016 HK\$'000
– Non-current liabilities	–	77,191
– Current liabilities	83,199	–
	83,199	77,191

Interest expenses of the convertible bond are calculated using the effective interest method by applying the effective interest rate of 7.8% to the liability component. The fair value of the convertible bond has been arrived on the basis of a valuation carried out on the date of issue and at the end of reporting period by an independent professional valuer. The effective interest rate is 6.23% per annum.

As at 31 March 2017, the outstanding principal of the convertible bond was approximately HK\$87,500,000 (2016: HK\$87,500,000).

28. CONTINGENT CONSIDERATION PAYABLES

	2017 HK\$'000	2016 HK\$'000
At 1 April	178,609	–
Arising from the Acquisition (Note 34)	–	217,518
Less: Issue of consideration shares	(36,480)	–
Less: Fair value change on contingent consideration payables	(102,234)	(38,909)
At 31 March	39,895	178,609

Pursuant to the completion of the acquisition, as a part of consideration, the Group liable to settle the contingent consideration by issuance of consideration shares and a promissory note with aggregate amount of HK\$206,040,000 and principal amount of HK\$18,000,000 respectively to the vendors. The consideration shares and promissory note are subject to target profit guarantee provided by the vendors under the sale and purchase agreement. If the audited consolidated profit before tax of the Ture Yield Limited and its subsidiaries for the years ended 31 March 2016, 2017, 2018 and 2019 falls below HK\$20,000,000, HK\$40,000,000, HK\$40,000,000 and HK\$20,000,000 respectively, the issuance of consideration shares will calculate in accordance with the prescribed formula respectively for years ended 31 March 2016, 2017, 2018 and 2019. The fair value of the contingent consideration payables were in aggregate amount approximately of HK\$217,518,000 at the date of the acquisition.

The audited consolidated profit before tax of the Ture Yield Limited and its subsidiaries for the year ended 31 March 2016 was approximately HK\$19,898,000 and the guarantee certificate has been received by the Group. On 27 January 2017, 72,959,333 consideration shares was allotted and issued. Details of the allotment are set out in the announcement dated 27 January 2017.

The fair values were determined with reference to the valuations as at those dates performed by an independent valuer. The valuation was calculated based on the probability-weighted scenario analysis which determined the expected value by the sum of fair value of consideration shares expected to be issued and promissory note with the expected discount cash flow at 7.03% (2016: 7.19%).

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

29. DEFERRED TAX LIABILITIES

The followings are the major deferred tax balances recognised and movements thereon during the years ended 31 March 2017 and 2016:

	Convertible bond HK\$'000
As at 1 April 2015	2,624
Credited to consolidated statement of profit or loss and other comprehensive income (Note 13)	(923)
At 31 March 2016 and 1 April 2016	1,701
Credited to consolidated statement of profit or loss and other comprehensive income (Note 13)	(991)
At 31 March 2017	710

At 31 March 2017, the Group has unused tax losses of approximately HK\$23,515,000 (2016: approximately HK\$16,347,000) available to offset against future profits. No deferred tax asset had recognised (2016: Nil) due to the unpredictability of future profit streams.

30. SHARE CAPITAL

	Number of shares		Share Capital	
	2017 '000	2016 '000	2017 HK'000	2016 HK'000
Ordinary shares of HK\$0.01 each				
Authorised:				
Balance at the beginning and at the end of the year (Note (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	2,260,000	2,220,000	22,600	22,200
Issue of consideration shares (Note (b), (c))	72,959	40,000	730	400
Balance at the end of the year	2,332,959	2,260,000	23,330	22,600

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 27 January 2017, 72,959,333 consideration shares were issued at issue price of HK\$0.50 per share in relation to part of the contingent consideration settlement for the Acquisition (Note 34).
- (c) On 25 September 2015, 40,000,000 consideration shares were issued at HK\$0.51 per share in relation to part of the consideration for the acquisition of subsidiaries (Note 34).

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31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 HK\$'000	2016 HK\$'000
ASSETS		
Non-current assets		
Investment in subsidiaries	22	22
Amounts due from subsidiaries	123,718	410,832
	123,740	410,854
Current assets		
Prepayments, deposits and other receivables	55	55
Cash and cash equivalents	2,235	10,053
	2,290	10,108
Less: Current liabilities		
Other payables and accruals	771	611
Convertible bond	83,199	–
Amounts due to subsidiaries	1,838	5,980
	85,808	6,591
Net current (liabilities)/assets	(83,518)	3,517
Total assets less current liabilities	40,222	414,371
Less: Non-current liabilities		
Convertible bond	–	77,192
Contingent consideration payables	39,895	178,609
Deferred tax liabilities	710	1,701
	40,605	257,502
Net (liabilities)/assets	(383)	156,869
EQUITY		
Equity attributable to the owners of the Company		
Share capital	23,330	22,600
Reserves (Note 32)	(23,713)	134,269
Total equity	(383)	156,869

Approved and authorised for the issue by the Board on 30 June 2017 and signed on its behalf by:

Mr. Wong Kam Wah
Director

Mr. Lau Ling Tak
Director

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

32. RESERVES OF THE COMPANY

	Share premium HK\$'000	Other reserve HK\$'000	Convertible bond reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
As at 1 April 2015	124,131	20	22,856	1,954	(45,993)	102,968
Total comprehensive income for the year	–	–	–	–	11,301	11,301
Issue of consideration shares	20,000	–	–	–	–	20,000
At 31 March 2016 and 1 April 2016	144,131	20	22,856	1,954	(34,692)	134,269
Total comprehensive loss for the year	–	–	–	–	(193,732)	(193,732)
Issue of consideration shares	35,750	–	–	–	–	35,750
As at 31 March 2017	179,881	20	22,856	1,954	(228,424)	(23,713)

For the year ended 31 March 2017, the Company had no distributable reserves (2016: approximately HK\$109,439,000).

33. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2017 were as follows:

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity and voting rights attributable to the Company		Principal activities
			Direct	Indirect	
Chanceton Alliance Investments Holdings Limited	BVI	US\$2,500	100	–	Investment holdings
Chanceton Alliance (II) 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
Mysteriously Time Investment Limited	BVI	US\$100	100	–	Investment holdings
Leading Twice Limited	BVI	US\$100	100	–	Investment holdings
Ture Yield Limited	BVI	US\$100	–	100	Investment holdings
Evershining International Logistics Limited	Hong Kong	HK\$10,000	–	100	Provision of dry bulk shipping services
Evershining International Shipping Limited	Hong Kong	HK\$10,000	–	100	Provision of dry bulk shipping services

Notes to Consolidated Financial Statements

For the year ended 31 March 2017

33. PRINCIPAL SUBSIDIARIES (CONTINUED)

The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. The directors are of the opinion that a complete list of the particulars of all subsidiaries would be of excessive length.

34. ACQUISITION OF SUBSIDIARIES

On 2 September 2015, the Group entered into a sale and purchase agreement (“S&P”) to acquired 100% equity interest in Ture Yield Limited and its subsidiaries (“Ture Yield Group”) at aggregated consideration of HK\$237,918,000 (the “Acquisition”). The total consideration was satisfied by issuance of consideration shares of approximately HK\$20,400,000 and contingent consideration payables approximately of HK\$217,518,000 (including issuance of maximum 404,000,000 consideration shares and promissory notes with maximum principal amount of approximately HK\$18,000,000 if the target group fulfilled the term of profit guarantee subsequently according to the S&P. The Acquisition was completed on 25 September 2015. Summary of the effects of the Acquisition are as follows:

Pursuant to the S&P, the maximum consideration is approximately HK\$240,000,000 (subject to downward adjustment to profit guarantees, which shall be satisfied by a combination of the allotment and issue of the consideration shares and issue of the promissory note by the Company as follows:

- (i) Approximately HK\$20,400,000 by the allotment and issuance of 40,000,000 consideration shares on completion date;
- (ii) a maximum of approximately HK\$36,700,000 by the allotment and issuance of approximately 73,333,333 consideration shares if the net profit of HK\$20,000,000 for the first relevant period;
- (iii) a maximum of approximately HK\$73,300,000 by the allotment and issuance of approximately 146,666,667 consideration shares if the net profit of HK\$40,000,000 for the second relevant period;
- (iv) a maximum of approximately HK\$73,300,000 by the allotment and issuance of approximately 146,666,667 consideration shares if the net profit of HK\$40,000,000 for the third relevant period;
- (v) a maximum of approximately HK\$18,700,000 by the allotment and issuance of approximately 37,333,333 consideration shares if the net profit of HK\$20,000,000 for the fourth relevant period; and
- (vi) a maximum of approximately HK\$18,000,000 by issuance of promissory note if the net profit of HK\$20,000,000 for the fourth relevant period.

Notes to Consolidated Financial Statements

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34. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair value of the identifiable liability acquired in the transaction and the goodwill arising is as follow:

	<i>HK\$'000</i>
Net liability acquired:	
Amount due to a director	(30)
	(30)
Goodwill arising on the Acquisition (Note 17)	237,948
	237,918

Total consideration satisfied by:

	<i>HK\$'000</i>
Consideration shares (Note 30)	20,400
Contingent consideration payables (Note 28)	217,518
Total consideration	237,918

An analysis of the cash flows in respect of the Acquisition is as follows:

	<i>HK\$'000</i>
Cash consideration paid	–
Cash and bank balances acquired	–
Net inflow of cash and cash equivalents included in cash flows from investing activities	–
Transaction costs of the Acquisition recognised in the consolidated statement of profit or loss for the year	410

Impact of the Acquisition on the result of the Group

The Ture Yield Group contributed revenue of approximately HK\$123,328,000 to the consolidated statement of profit or loss since Acquisition Date. The Ture Yield Group contributed profit of approximately HK\$23,984,000 over the same period. Had the Ture Yield Group been consolidated from 1 April 2015, the consolidated statement of profit or loss would show proforma revenue of approximately HK\$123,328,000 and profit of approximately of HK\$23,954,000 for the year ended 31 March 2016.

Notes to Consolidated Financial Statements

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35. 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 days after the offer date, provided that no such offer shall be open for acceptance after the tenth anniversary of the date of adoption of the Share Option Scheme or after the Share Option Scheme has been terminated in accordance with the provisions of the Share Option Scheme. The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the board of directors.

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

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.

Notes to Consolidated Financial Statements

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35. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options held by employees during the year ended 31 March 2017:

Participant	Options type	Date of grant	Exercise price per share HK\$	Fair value at grant date per share HK\$	Exercise period	Number of options					
						As at 1 April 2016 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	Lapsed during the year '000	As at 31 March 2017 '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

The following table discloses movements of the Company's share options held by employees during the year ended 31 March 2016:

Participant	Options type	Date of grant	Exercise price per share HK\$	Fair value at grant date per share HK\$	Exercise period	Number of options					
						As at 1 April 2015 '000	Granted during the year '000	Exercised during the year '000	Cancelled during the year '000	Lapsed during the year '000	As at 31 March 2016 '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.

No share option had been exercised during the years ended 31 March 2017 and 2016.

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35. SHARE OPTION SCHEME (CONTINUED)

No share option granted during the year ended 31 March 2017.

	Option Type 2014
Valuation model	Black-scholes option 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%

36. 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:

	2017 HK\$'000	2016 HK\$'000
Within one year	845	1,172
In the second to fifth years, inclusive	153	614
	998	1,786

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For the year ended 31 March 2017

37. MATERIAL RELATED PARTIES TRANSACTIONS

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

Key management personnel remuneration

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

	2017 HK\$'000	2016 HK\$'000
Short-term employees benefits	5,921	3,775
Post-employment benefits	111	109
Total	6,032	3,884

For the years ended 31 March 2017 and 2016, the Group had the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	2017 HK\$'000	2016 HK\$'000
Chanceton Corporate Service Limited	Common director and shareholder	Corporate service fee	13	-

Transaction with party within the Group is as follows:

Name of subsidiary	Nature of transaction	2017 HK\$'000	2016 HK\$'000
Chanceton Capital Partners Limited	Management fee income received (Note (i))	5,235	3,000

Note:

- (i) 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.

38. MAJOR NON-CASH TRANSACTIONS

On 27 January 2017, the Group issued 72,959,333 consideration shares at issue price HK\$0.50 per share in relation to part of settlement of the contingent consideration payables for the Acquisition.

39. 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 2017.

Financial Summary

	For the year ended 31 March				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Results					
Revenue	198,336	141,151	8,666	10,400	8,526
(Loss)/profit for the year attributable to the owners of the Company	(198,553)	18,491	(41,727)	(21,723)	(9,168)
Dividends	–	–	–	–	–

	As at 31 March				
	2017 HK\$'000	2016 HK\$'000	2015 HK\$'000	2014 HK\$'000	2013 HK\$'000
Assets and liabilities					
Total assets	147,384	442,061	213,467	249,306	334,586
Total liabilities	(132,439)	(264,626)	(75,002)	(71,066)	(140,511)
Total equity	14,945	177,435	138,465	178,240	194,075

Note:

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