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)

2018/2019

ANNUAL REPORT

CHARACTERISTICS OF THE 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.

Table of Contents

Corporate Information

BOARD OF DIRECTORS

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

Independent Non-executive Directors
Mr. Yau Yan Ming Raymond
Mr. Siu Chi Yiu Kenny
Mr. Lee Chi Keung Jim

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

Mr. Wong Sze Lok

COMPLIANCE OFFICER

Mr. Wong Kam Wah

AUDIT COMMITTEE

Mr. Yau Yan Ming Raymond *(Chairman)*
Mr. Siu Chi Yiu Kenny
Mr. Lee Chi Keung Jim

Corporate Information

REMUNERATION COMMITTEE	Mr. Siu Chi Yiu Kenny *(Chairman)* Mr. Lau Ling Tak Mr. Yau Yan Ming Raymond Mr. Lee Chi Keung Jim
NOMINATION COMMITTEE	Mr. Siu Chi Yiu Kenny *(Chairman)* Mr. Lau Ling Tak Mr. Yau Yan Ming Raymond Mr. Lee Chi Keung Jim
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 2018/2019 annual results of the Group for the financial year ended 31 March 2019 (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

The Group recorded revenue from corporate finance advisory services of approximately HK$3.26 million for the year ended 31 March 2019 (2018: HK$5.87 million), representing a decrease of approximately 44.46% when compared to the corresponding period in 2018. Our corporate finance advisory services recorded net loss (excluding inter-company transactions) of approximately HK$4.41 million for the year ended 31 March 2019 as compared to a net profit (excluding inter-company transactions) of approximately HK$2.76 million for the year ended 31 March 2018. The loss was mainly due to decrease in revenue by approximately 44.46% from HK$5.87 million in year 2018 to HK$3.26 million in year 2019.

Dry bulk shipping services

Our dry bulk shipping business remained challenging throughout the Financial Year. Revenue contributed from the Group's dry bulk shipping business amounted to approximately HK$91.98 million for the year ended 31 March 2019. (2018: HK$118.52 million), representing a decrease of approximately 22.39% when compared to corresponding period in 2018. Net loss attributable from the Group's dry bulk shipping business amounted to approximately HK$8.35 million for the year ended 31 March 2019. (2018 HK$44.24 million). The net loss was mainly attributable to Recognition of impairment loss on goodwill in relation to the dry bulk shipping business of approximately HK$18.19 million while the reduction in operating expenses including reduction in staff head counts and other operating expense has partially net off the effect. The Group will closely review and if necessary, modify operation procedures of the Group's shipping business in future. An impairment of approximately HK$18.19 million on goodwill arising from the acquisition of the Group's dry bulk shipping business was provided. In view of the continuing volatile market conditions following the outbreak of trade war between China and the U.S. in late 2018 and the tightening situation between the U.S. and Iran, our dry bulk shipping business has suffered from more limitations in designing a feasible and profitable shipping routes, which lead to longer idle ship times during our voyage and eventually increased ship rental cost of our business when compared with last years. The adoption of competitive pricing strategies by the Group to secure shipping orders due to keen competition in the shipping markets has further downsized the dry bulk shipping business. Given the above, it is expected to have obvious impact on the future prospect of the Group's dry bulk shipping business. Therefore, the management has prudently adjusted future expectation towards the performance of the Group's dry bulk shipping business in preparing. Therefore the financial forecast of the shipping business.. 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)

The Group overall recorded revenue of approximately HK$95.24 million for the year ended 31 March 2019 (2018: HK$124.39 million), representing a decrease of approximately 23.43% when compared to the corresponding period in 2018. The Group recorded audited net loss attributable to owners of the Company for the year ended 31 March 2019 of approximately HK$18.97 million (2018: net loss of approximately HK$18.69 million). The loss was mainly due to (i) impairment loss on goodwill in relation to the Group's dry bulk shipping business of approximately HK$18.19 million; and (ii) provision for net expected credit loss on trade and other receivables of approximately HK$1.25 million. The management of the Company would like to emphasis that the above impairment losses are one-off non-cash in nature which will not have material impact to the business operation and current financial position of the Company.

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, 28 June 2019

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$4.41 million for the year ended 31 March 2019 (2018: HK$5.87 million), representing a decrease of approximately 44.46% when compared to the corresponding period in 2018. Our corporate finance advisory services recorded net loss of approximately HK$3.23 million for the year ended 31 March 2019 as compared to a net profit of approximately HK$2.76 million for the year ended 31 March 2018. The loss was mainly due to decrease in revenue by approximately 44.46% from HK$5.87 million in year 2018 to HK$3.26 million in year 2019.

Dry bulk shipping services

Our dry bulk shipping business remained challenging throughout the Financial Year. Revenue contributed from the Group's dry bulk shipping business amounted to approximately HK$91.98 million for the year ended 31 March 2019. (2018: HK$118.52 million), representing a decrease of approximately 22.39% when compared to corresponding period in 2018. Net loss attributable from the Group's dry bulk shipping business amounted to approximately HK$8.35 million for the year ended 31 March 2019. (2018 HK$44.24 million). The net loss was mainly attributable to recognition of impairment loss on goodwill in relation to the dry bulk shipping business of approximately HK$18.19 million while the reduction in operating expenses including reduction in staff head counts and other operating expense has partially net off the effect. The Group will closely review and if necessary, modify operation procedures of the Group's shipping business in future. An impairment of approximately HK$18.19 million on goodwill arising from the acquisition of the Group's dry bulk shipping business was provided. In view of the continuing volatile market conditions following the outbreak of trade war between China and the U.S. in late 2018 and the tightening situation between the U.S. and Iran, our dry bulk shipping business has suffered from more limitations in designing a feasible and profitable shipping routes, which lead to longer idle ship times during our voyage and eventually increased ship rental cost of our business when compared with last years. The adoption of competitive pricing strategies by the Group to secure shipping orders due to keen competition in the shipping markets has further downsized the dry bulk shipping business. Given the above, it is expected to have obvious impact on the future prospect of the Group's dry bulk shipping business. Therefore the management has prudently adjusted future expectation towards the performance of the Group's dry bulk shipping business in preparing the financial forecast of the shipping business. 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.

BUSINESS REVIEW (CONTINUED)

FINANCIAL REVIEW

Revenue

For the Financial Year, revenue of the Group decreased by approximately 23.43% to approximately HK$95.24 million from approximately HK$124.39 million last year.

Administrative and other operating expenses

The Group's administrative and operating expenses for the Financial Year decreased by approximately 38.47% to approximately HK$15.40 million compared to approximately HK$25.03 million last year.

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 2019 of approximately HK$18.97 million (2018: net loss of approximately HK$18.69 million). The loss was mainly due to (i) impairment loss on goodwill in relation to the Group's dry bulk shipping business of approximately HK$18.19 million; and (ii) provision for net expected credit loss on trade and other receivables of approximately HK$1.25 million. The management of the Company would like to emphasis that the above impairment losses are one-off non-cash in nature which will not have material impact to the business operation and current financial position of the Company.

Liquidity and financial resources

As at 31 March 2019, the Group had net current assets of approximately HK$36.45 million (2018: net current liabilities approximately HK$37.64 million). The Group had cash and bank balances of approximately HK$4.78 million (2018: approximately HK$11.79 million). Current ratio as at 31 March 2019 was approximately 2.94 (2018: 3.85).

Management Discussion and Analysis

The Group's gearing ratios as at 31 March 2019 was 13.77% (2018: 4.19%). 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 2019 (2018: Nil).

CAPITAL COMMITMENTS

As at 31 March 2019, the Group did not have any significant capital commitments (2018: Nil).

CAPITAL STRUCTURE

As at 31 March 2019, the issued share capital of the Company was HK$24,729,593.33 divided into 2,472,959,333 shares.

SIGNIFICANT INVESTMENTS HELD

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 2019, 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 2019 (2018: Nil).

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 2019 and 2018, the Group did not pledge any of its assets (2018: Nil) as securities for the banking facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group had 24 full-time employees (2018: 26), including the Directors. Total staff cost (including Directors' emoluments) were approximately HK$9.11 million for the Financial Year as compared to approximately HK$18.23 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 29 September 2018 (the "AGM 2018") as she had other important business engagement. However, Mr. Lan Ling Tak, an Executive Director, had chaired the AGM 2018 in accordance with the articles of association of the Company.

THE BOARD OF DIRECTORS

Composition and Responsibilities

At the date of this report, the Board comprises five executive Directors and three independent non-executive Directors. The names and office of each of the members of the Board and the Board committees of the Company during the Financial Year and up to the date of this report are as follows:

Board member	**Office**
Ms. Ho Chiu Ha Maisy	*Chairlady/Executive Director*
Mr. Wong Kam Wah	*Executive Director*
Mr. Leung Man Kit (resigned on 30 November 2018)	*Executive Director*
Mr. Lau Ling Tak	*Executive Director*
Ms. Man Wing Yee Ginny	*Executive Director*
Mr. Wang Qiang	*Executive Director/Chief Executive Officer*
Mr. William Robert Majcher (resigned on 31 May 2018)	*Independent Non-executive Director*
Mr. Yau Yan Ming Raymond	*Independent Non-executive Director*
Mr. Siu Chi Yiu Kenny	*Independent Non-executive Director*
Mr. Lee Chi Keung Jim	*Independent Non-executive Director*

THE BOARD OF DIRECTORS (CONTINUED)

Composition and Responsibilities (continued)

Audit Committee member

Mr. Yau Yan Ming Raymond	*Chairman*
Mr. Siu Chi Yiu Kenny	
Mr. Lee Chi Keung Jim	

Remuneration Committee member

Mr. Siu Chi Yiu Kenny	*Chairman*
Mr. Lau Ling Tak	
Mr. Yau Yan Ming Raymond	
Mr. Lee Chi Keung Jim	

Nomination Committee member

Mr. Siu Chi Yiu Kenny	*Chairman*
Mr. Yau Yan Ming Raymond	
Mr. Lau Ling Tak	
Mr. Lee Chi Keung Jim	

As at the date of this report, the Board comprised eight Directors, of which five 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 over one-third of the Board.

The biographical details of each Director are set out in the section Report of the Directors on pages 28 to 32.

Role and Function of the Board

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

THE BOARD OF DIRECTORS (CONTINUED)

Board Meetings

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. During the year ended 31 March 2019, twelve Board meetings were held and the attendance records of individual Directors are set out below:

	Number of Meetings Attended/Held
Executive Directors:	
Ms. Ho Chiu Ha Maisy *(Chairlady)*	12/12
Mr. Wong Kam Wah	12/12
Mr. Leung Man Kit	10/12
Mr. Lau Ling Tak	12/12
Ms. Man Wing Yee Ginny	12/12
Mr. Wang Qiang *(Chief Executive Officer)*	12/12
Independent Non-executive Directors:	
Mr. William Robert Majcher (resigned on 31 May 2018)	–/12
Mr. Yau Yan Ming Raymond	12/12
Mr. Siu Chi Yiu Kenny	12/12
Mr. Lee Chi Keung Jim	12/12

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.

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.

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.unitas.com.hk*).

The composition of the Nomination Committee is as follow:

Independent Non-executive Directors:
Mr. Siu Chi Yiu Kenny *(Chairman)*
Mr. Yau Yan Ming Raymond
Mr. Lee Chi Keung Jim

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 three 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. Siu Chi Yiu Kenny *(Chairman)*	3/3
Mr. Yau Yan Ming Raymond	3/3
Mr. Lee Chi Keung Jim	3/3
Mr. Lau Ling Tak	3/3

Confirmation of Independence

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

THE BOARD OF DIRECTORS (CONTINUED)

Code of Conduct for Securities Transactions by Directors

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

Continuous Professional Development for Directors

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

Up to date of this report, the Board members participated in the following training programs:

	Types of training	
Name of Directors	**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 *(Chairlady)*	✓	✓
Mr. Wong Kam Wah	✓	✓
Mr. Leung Man Kit (resigned on 30 November 2018)	✓	✓
Mr. Lau Ling Tak	✓	✓
Ms. Man Wing Yee Ginny	✓	✓
Mr. Wang Qiang	✓	✓
Independent Non-executive Directors		
Mr. William Robert Majcher (resigned on 31 May 2018)	✓	✓
Mr. Yau Yan Ming Raymond	✓	✓
Mr. Siu Chi Yiu Kenny	✓	✓
Mr. Lee Chi Keung Jim	✓	✓

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. Siu Chi Yiu Kenny *(Chairman)*
Mr. Yau Yan Ming Raymond
Mr. Lee Chi Keung Jim

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. Siu Chi Yiu Kenny *(Chairman)*	2/2
Mr. Lau Ling Tak	2/2
Mr. Yau Yan Ming Raymond	2/2
Mr. Lee Chi Keung Jim	2/2

ACCOUNTABILITY AND AUDIT

Financial Reporting

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

The Board acknowledges its responsibility for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. The consolidated financial statements set out on pages 46 to 51 were prepared on the basis set out in notes on pages 52 to 123 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 Hodgson 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 Hodgson Impey Cheng Limited be nominated for appointment as the auditors of the Company at the forthcoming AGM. Save for providing audit services, there was no other service provided by HLB for the year ended 31 March 2019 (2018: Nil). The fees in respect of audit services by HLB for the year ended 31 March 2019 amounted to approximately HK$570,000 (2018: HK$500,000).

The reporting responsibilities of HLB are set out in the Independent Auditors' Report on pages 40 to 45.

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. Siu Chi Yiu Kenny
Mr. Lee Chi Keung Jim

ACCOUNTABILITY AND AUDIT (CONTINUED)

Audit Committee (continued)

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

	Number of Meetings Attended/Held
Mr. Yau Yan Ming Raymond *(Chairman)*	5/5
Mr. Siu Chi Yiu Kenny	5/5
Mr. Lee Chi Keung Jim	5/5

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.

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.

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, 28 June 2019

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 2019 (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 31 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.

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 2019 are set out in Consolidated Financial Statements on pages 46 to 51.

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 49 and note 30 to the Consolidated Financial Statements respectively.

Report of the Directors

DISTRIBUTABLE RESERVES

As at 31 March 2019, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2003 Revision) of the Cayman Islands to members amounted to approximately HK$32,379,000 (2018: approximately HK$46,982,000) which comprised share premium of approximately HK$288,837,000 (2018: approximately HK$288,837,000) and deficit of accumulated losses of approximately HK$256,458,000 (2018: deficit of approximately HK$241,855,000).

SHARE CAPITAL

Details of movements in share capital of the Company during the Financial Year are set out in note 29 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	22.33%
– Five largest customers	80.80%

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

– The largest supplier	53.38%
– Five largest suppliers	85.02%

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 2019, the Group had no banking facilities and had obtained advance from Shareholders in the aggregate amount of HK$8,775,000 which was unsecured, interest free and repayable on demand. (2018: HK$3,500,000).

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. Lau Ling Tak
Ms. Man Wing Yee Ginny
Mr. Wang Qiang *(Chief Executive Officer)*

Independent Non-executive Directors
Mr. Yau Yan Ming Raymond
Mr. Siu Chi Yiu Kenny
Mr. Lee Chi Keung Jim

The biographical details of each Director are set out below:

Executive Directors

Ms. Ho Chiu Ha Maisy, BBS, aged 52, is an Executive Director and Chairlady of the Company. Ms. Ho holds a Bachelor's degree in mass communication and psychology from Pepperdine University, the United States.

In Hong Kong, Ms. Ho is a member of Equal Opportunities Commission, member of Committee on the Promotion of Civic Education, member of Hospital Governing Committees of Queen Elizabeth Hospital, Tung Wah Hospital, TWGHs Kwong Wah Hospital, Tung Wah Eastern Hospital, TWGHs Wong Tai Sin Hospital and TWGHs Fung Yiu King Hospital, council member of the Hong Kong Academy for Performing Arts, member of board of trustees of New Asia College, The Chinese University of Hong Kong, school supervisor of TWGHs Chan Zai Man College, vice chairman of Ladies' Committee and committee member of The Chinese General Chamber of Commerce, honorary vice president and member of executive committee of Hong Kong Girl Guides.

In Macau, Ms. 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.

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. 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.

Report of the Directors

DIRECTORS (CONTINUED)

Executive Directors (continued)

Mr. Wong Kam Wah, aged 45, 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. Lau Ling Tak, aged 45, 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.

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 46, 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 a member of the Chinese People's Political Consultative Conference of Guangxi Zhuang Autonomous Region in China. 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 48, 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.

DIRECTORS (CONTINUED)

Independent Non-executive Directors

Mr. Yau Yan Ming Raymond, aged 51, is an Independent Non-executive Director. Mr. Yau was appointed an Independent Non-executive Director on 21 September 2011, responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. He is the chairman of the Audit Committee and a member of each of the Remuneration Committee and Nomination Committee.

Mr. Yau obtained a Master'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 20 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 has been an independent non-executive director of Life Healthcare Group Limited (stock code: 928) and Enterprise Development Holdings Limited (stock code: 1808) from August 2011 to August 2016 and from October 2014 to January 2017 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.

Mr. Siu Chi Yiu Kenny, aged 52, is an independent Non-executive Director 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 Nomination Committee and a member of the Audit Committee.

Mr. Siu was awarded a Professional Diploma in Building Surveying from Hong Kong Polytechnic University in 1990 and a Master of Business Administration degree from the University of South Australia in 2009. He was admitted as a chartered member of the Chartered Institute of Housing in September 2014 and a professional member of the Royal Institution of Chartered Surveyors in October 2014. Mr. Siu has over 27 years of experience in sales and marketing, project management and consultancy in the property industry. He has the experience of employment with a number of major property developers, including Shui On Properties Limited (from 1993 to 1994), Harbour Ring Property Development Limited (now known as China Oceanwide Property Sino Limited) (from 1994 to 1997), SIIC Investment Company Limited (from 1997 to 2009) and Hsin Chong Construction Group (from 2014 to 2016). In 2009, Mr. Siu established Kenny Siu Surveyors & Co., being a local real estate surveying firm in Hong Kong, in which he is now working as a director and consultant specialising in project finance and development study. Mr. Siu has also been appointed as a visiting professor of Jiangxi University of Finance and Economics (江西財經大學) since March 2016.

DIRECTORS (CONTINUED)

Independent Non-executive Directors (continued)

Mr. Lee Chi Keung Jim, aged 48, is an independent Non-executive Director responsible for providing independent judgment on issues of strategy, performance resources and standard of conduct of the Company. He is the member of the Remuneration Committee, Nomination Committee and the Audit Committee.

Mr. Lee was awarded a Bachelor of Laws degree from the University of Hong Kong in 1995 and was admitted as a solicitor of the High Court of Hong Kong in 1999. He is currently working as a consultant of Lam and Lai, being a local law firm in Hong Kong. His practicing areas include civil and criminal litigations, company law, conveyancing law, conveyancing-related litigations and other commercial matters. He has the experience of acting for Hong Kong listed companies in their litigation matters in the High Court of Hong Kong. Mr. Lee has also been actively contributing to the pro bono legal services organized by the Home Affairs Bureau since 2002 and was awarded certificates under the Home Affairs Bureau's Recognition Scheme for Provision of Pro Bono Legal Services in 2012 and 2016 in appreciation for his contribution.

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. Wong Kam Wah, Mr. Yau Yan Ming Raymond and Mr. Wong Qiang shall retire from office at the forthcoming annual general meeting of the Company (the "2019 AGM") and, being eligible, offer themselves for re-election, at the 2019 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.

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.

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 2019, 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	407,890,000	–	16.49%
	Interest of a controlled corporation	229,062,500	–	9.26%
Mr. Wong Kam Wah *(Note2)*	Interest of a controlled corporation	70,000,000	–	2.83%
Ms. Man Wing Yee Ginny	Beneficial owner	441,900,000	–	17.87%
Mr. Wang Qiang	Beneficial owner	100,000,000	–	4.04%
Mr. Lau Ling Tak	Beneficial owner	43,937,500	–	1.78%

Note(s):

1. Ms. Ho Chiu Ha Maisy has a total interest in 636,952,500 shares/underlying shares (representing an aggregate of approximately 25.76% shareholding in the Company), of which (i) 229,062,500 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 229,062,500 shares of the Company through Refulgent Sunrise Limited by virtue of the SFO; and (ii) Ms. Ho Chiu Ha Maisy personal held 407,890,000 shares.

2. 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.

Save as disclosed above, as at 31 March 2019, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 31 March 2019, 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 *(Note)*	Beneficial owner	229,062,500	–	9.26%
Mr. Zhao Genlong	Beneficial owner	200,000,000	–	8.09%

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 407,890,000 shares.

Save as disclosed above, as at 31 March 2019, 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.

Report of the Directors

DIRECTOR’S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SUFFICIENCY OF PUBLIC FLOAT

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

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the Financial Year.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Pursuant to Appendix 20 Environmental, Social and Governance Reporting Guide (the “ESG Guide”) of the GEM Listing Rules, the Group is required to prepare an ESG Report, which explains the management approaches, strategies, policies, measures taken and results of its activities on environmental and social areas and aspects, and evaluate their impact on the sustainable development of the environment and society. The Group has adopted and implemented the strategies, policies, rules and regulations in relation to the environmental and social areas and aspects of the ESG Guide with responsibility and a high Code of Standards, which can be summarised in the annual report of the Company for the year ended 31 March 2019 dated 28 June 2019.

A separate ESG report for further disclosure of Aspect A1 emissions matters as required under the ESG Guide will be published on the Stock Exchange’s website and the Company’s website no later than three months after the publication of this annual report.

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.

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 36 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.

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 9.75% 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.

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 9.75% of the issued shares as at the date of this annual report.

Details of movements in Share Options during the Financial Year are set out in note 34 to the Consolidated Financial Statements.

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 2019 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
Chairlady and Executive Director

Hong Kong, 28 June 2019

國衛會計師事務所有限公司
HLB 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
(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 46 to 123, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, 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.

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.

Key audit matters	How our audit addressed the key audit matters
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$26,808,000 relating to the Group's dry bulk shipping business as at 31 March 2019. Management performed impairment assessment on the goodwill and concluded that impairment of approximately HK$18,192,000 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.

KEY AUDIT MATTERS (CONTINUED)

Key audit matters	How our audit addressed the key audit matters
Allowance for expected credit losses assessment on trade and other receivables	
Refer to Notes 18 and 20 to the consolidated financial statements and the accounting policies in Note 3 to the consolidated financial statements.	
As at 31 March 2019, the Group had trade receivables of approximately HK$875,000 and other receivables of approximately HK$46,237,000 respectively. The provision for allowance for expected credit losses of approximately HK$335,000 and HK$1,812,000 respectively. Management performed periodic assessment on the recoverability of the trade and other receivables and the sufficiency of provision for allowance for expected credit losses based on information including credit profile of different customers or debtors, ageing of the trade and other receivables, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and on-going trading relationships with the relevant customers or debtors. Management also considered forward-looking information that may impact the customers' or debtors' ability to repay the outstanding balances in order to estimate the expected credit losses for the allowance for expected credit losses assessment. We focused on this area due to the allowance for expected credit losses assessment of trade and other receivables under the expected credit losses model involved the use of significant management judgements and estimates.	Our procedures in relation to management's impairment assessment of the trade and other receivables included: • Understanding and evaluating the key controls that the Group has implemented to manage and monitor its credit risk, and validating the control effectiveness on a sample basis; • Checking, on a sample basis, the ageing profile of the trade and other receivables to the underlying financial records and post year-end settlements to bank receipts; • Inquiring of management for the status of each of the material trade and other receivables past due as at year end and corroborating explanations from management with supporting evidence, such as performing public search of credit profile of selected customer s, understanding on-going business relationship with the customers based on trade records, checking historical and subsequent settlement records of and other correspondence with the customers or debtors; and • Assessing the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses. We found that the management judgment and estimates used to assess the recoverability of the trade and other receivables and determine the impairment provision to be supportable by available evidence.

Independent Auditors’ Report

OTHER INFORMATION

The directors 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 (the “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 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.

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.

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, 28 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	8	**95,241**	124,389
Cost of operations		**(77,108)**	(105,758)
Gross profit		**18,133**	18,631
Other gains and losses	8	**(1,684)**	2,822
Net impairment losses in respect of trade and other receivables		**(1,251)**	–
Administrative and operating expenses		**(15,401)**	(25,032)
Gain on disposal of a subsidiary	32	**–**	3,054
Impairment loss on goodwill	17	**(18,192)**	(53,000)
Change in fair value of contingent consideration payables	26	**–**	39,895
Finance cost	9	**–**	(4,301)
Loss before tax	10	**(18,395)**	(17,931)
Income tax	13	**(570)**	(763)
Loss for the year		**(18,965)**	(18,694)
Other comprehensive loss, net of income tax			
Item that may be reclassified subsequently to profit or loss:			
Reclassification of translation reserve upon disposal of foreign operations	32	**–**	(157)
Other comprehensive loss for the year		**–**	(157)
Total comprehensive loss for the year		**(18,965)**	(18,851)
Loss for the year attributable to:			
Owners of the Company		**(18,965)**	(18,694)
Total comprehensive loss for the year attributable to the owners of the Company		**(18,965)**	(18,851)
Loss per share	15		
Basic and diluted (HK cents)		**(0.77)**	(0.79)

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

Consolidated Statement of Financial Position

As at 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**473**	956
Goodwill	17	**26,808**	45,000
		27,281	45,956
Current assets			
Trade receivables	18	**875**	1,882
Financial assets at fair value through profit or loss	19	**1,716**	1,788
Prepayments, deposits and other receivables	20	**47,851**	35,344
Amount due from a related company	21	**60**	60
Cash and cash equivalents	22	**4,783**	11,788
		55,285	50,862
Less: Current liabilities			
Other payables and accruals	23	**1,393**	2,505
Loan from shareholders	24	**8,775**	3,500
Tax payable		**8,665**	7,219
		18,833	13,224
Net current assets		**36,452**	37,638
Total assets less current liabilities		**63,733**	83,594
Net assets		**63,733**	83,594

Consolidated Statement of Financial Position

As at 31 March 2019

	Note	2019 HK$'000	2018 HK$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*28*	**24,730**	24,730
Reserves		**39,003**	58,864
Total equity		**63,733**	83,594

Approved and authorised for the issue by the board of directors on 28 June 2019 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 2019

	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 2017	23,330	179,881	19	157	22,856	1,954	(213,252)	14,945
Loss for the year	–	–	–	–	–	–	(18,694)	(18,694)
Other comprehensive loss for the year, net of income tax								
Reclassification of translation reserve upon disposal of a subsidiary *(Note 32)*	–	–	–	(157)	–	–	–	(157)
Total comprehensive loss for the year	–	–	–	(157)	–	–	(18,694)	(18,851)
Issuance of shares upon conversion of convertible bonds	1,400	108,956	–	–	(22,856)	–	–	87,500
At 31 March 2018	24,730	288,837	19	–	–	1,954	(231,946)	83,594
Impact on initial application of HKFRS 9	–	–	–	–	–	–	(896)	(896)
Restated balance at 1 April 2018	24,730	288,837	19	–	–	1,954	(232,842)	82,698
Loss and total comprehensive loss for the year	–	–	–	–	–	–	(18,965)	(18,965)
At 31 March 2019	**24,730**	**288,837**	**19**	**–**	**–**	**1,954**	**(251,807)**	**63,733**

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 25).*

(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 2019

	Notes	2019 HK$'000	2018 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(18,395)**	(17,931)
Adjustments for:			
Depreciation of property, plant and equipment	16	**490**	561
Net impairment losses recognised in respect of trade and other receivables		**1,251**	–
Net loss on disposal of financial assets at fair value through profit or loss		**26**	–
Fair value change on financial assets at fair value through profit or loss		**3,615**	(2,488)
Fair value change on contingent consideration payables	26	**–**	(39,895)
Gain on settlement of trade and other receivables		**(443)**	–
Interest income in other receivables		**(50)**	–
Gain on disposal of a subsidiary	32	**–**	(3,054)
Impairment loss on goodwill	17	**18,192**	53,000
Finance cost	9	**–**	4,301
Operating cash flows before movements in working capital		**4,686**	(5,506)
Increase in trade receivables		**(28)**	(211)
Increase in prepayments, deposits and other receivables		**(16,819)**	(14,318)
(Decrease)/increase in other payables and accruals		**(1,114)**	359
Cash used in operations		**(13,275)**	(19,676)
Hong Kong tax refund/(paid)		**876**	(743)
Net cash used in operating activities		**(12,399)**	(20,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(7)**	(267)
Net proceeds from disposal of financial assets at fair value through profit or loss		**126**	10,234
Payment for acquisition of financial assets at fair value through profit or loss		**–**	(2,064)
Proceeds from promissory note receivables		**–**	1,666
Net cash generated from investing activities		**119**	9,569

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
CASH FLOWS FROM FINANCING ACTIVITY		
Advance from shareholders	**5,275**	3,500
Net cash generated from financing activity	**5,275**	3,500
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,005)**	(7,350)
Cash and cash equivalents at the beginning of the year	**11,788**	19,138
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**4,783**	11,788
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**4,783**	11,788

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

1. CORPORATE INFORMATION

Unitas Holdings 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 31.

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")

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related amendments
HKFRS 15 (Amendments)	Clarification to HKFRS 15 Revenue from Contracts with Customers
HKAS 28 (Amendments)	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
HKAS 40 (Amendments)	Transfers of Investment Property
HK(IFRIC) Int 22	Foreign currency transactions and advance consideration

Except as described below, the application of the new and 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 periods and/or on the disclosures set out in these consolidated financial statements.

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

(a) Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated statement of financial position (extract)	**At 31 March 2018** *HK$'000*	**HKFRS 9** *HK$'000*	**At 1 April 2018** *HK$'000*
Current assets			
Trade receivables	1,882	(435)	1,447
Prepayments, deposits and other receivables	35,344	(461)	34,883
Net current assets	37,638	(896)	36,742
Net assets	83,594	(896)	82,698
Equity			
Reserves	58,864	(896)	57,968
Total equity	83,594	(896)	82,698

(b) HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Accounting policies resulting from application of HKFRS 9 disclosed in Note 3 to the consolidated financial statements.

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

(b) HKFRS 9 Financial Instruments (continued)

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement (including impairment) of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

Classification and measurement of financial assets and financial liabilities at amortised cost

All recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. Except for those which had been determined as credit impaired under HKAS 39, the remaining balances are grouped based on internal credit rating and/or past due analysis. The Group has therefore estimated the expected loss rates for the trade receivables on the same basis.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other financial assets at amortised cost, including deposits and other receivables and cash and cash equivalents, are assessed on 12-month ECL ("**12m ECL**") basis as there had been no significant increase in credit risk since initial recognition.

All loss allowances including trade receivables and other financial assets at amortised cost as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade receivables	**Deposits and other receivables**	**Total**
	HK'000	*HK'000*	*HK'000*
At 31 March 2018 – HKAS 39	–	–	–
Amounts re-measured through opening accumulated losses	(435)	(461)	(896)
At 1 April 2018 – HKFRS 9 (restated)	(435)	(461)	(896)

The impact of these changes on the group's equity is as follows:

	Accumulated losses
	HK'000
At 31 March 2018 – HKAS 39	(231,946)
Impairment under ECL model	(896)
At 1 April 2018 – HKFRS 9 (restated)	(232,842)

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

(c) HKFRS 15 Revenue from Contracts with Customers

The Group has adopted HKFRS 15 Revenue from Contracts with Customers form 1 April 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements. In accordance with the transitional provisions in HKFRS 15, prior period comparative figures have not been restated. The Group recognises revenue mainly from the following major sources which arise from contracts with customers:

- Revenue from corporate finance advisory services
- Revenue from dry bulk shipping

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in Note 3 to the consolidated financial statements.

As a result of the changes in the Group's accounting policies, as explained above, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any significant impact on the amounts reported in the consolidated financial information and/or disclosures set out in the consolidated financial information except that, the Group has adopted the following accounting policies on revenues with effect from 1 April 2018.

New and revised HKFRS but not effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]
Amendments to HKFRS 3	Definition of a business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.

2 Effective for annual periods beginning on or after 1 January 2021.

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

4 Effective for business combinations and assets acquisition for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1st January 2020.

5 Effective for annual periods beginning on or after 1 January 2020.

The Directors anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and the consolidated statement of financial position of the Group.

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

HKFRS 16 LEASES

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,895,000 as disclosed in Note 34 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

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 (the "GEM 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.

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries

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

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

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue and other income recognition

Under HKFRS 15, the Group 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.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred at point in time and revenue is recognised at point in time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to a contract are accounted for an presented on a net basis.

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue and other income recognition (continued)

Revenue from corporate finance advisory services

The Group provides the corporate advisory services to the customers. Under HKFRS 15, the Group assessed that the performance obligation for corporate advisory services is fulfilled when all relevant duties as stated in the contract are completed. Revenue from corporate finance advisory services is recognised at a point in time when all relevant duties as stated in the contract are completed.

Revenue from dry bulk shipping

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

Revenue from voyage charter of dry bulk shipping is recognised based on the time proportion method of each individual voyage contract.

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Revenue recognition (prior to 1 April 2018)

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:

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Revenue and other income recognition (continued)

Revenue recognition (prior to 1 April 2018) (continued)

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.

Management service fee income

Management service fee income is recognised when services are provided.

Interest income

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

(h) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) 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.

(i) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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 33.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) 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.

(m) Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 April 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets 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 at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which are derived from the financial assets is presented as other income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flow s that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that the derivative is designated as a hedging instrument in a cash flow hedge or at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("OCI") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a part of a portfolio of identified d 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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period (with the amortised cost being the gross carrying amount less the impairment allowance). If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend and interest income on the financial assets.

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, other receivables and cash and cash equivalents). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting period. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with debtors having similar credit ratings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of cred it risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or
- technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due (except for trade receivables from customers where a shorter period of "past due" has been applied by the directors in view of the nature of business operation and practice in managing the credit risk), unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events: significant financial difficulty of the issuer or the borrower;

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Impairment of financial assets (upon application of HKFRS 9 in accordance with transition in Note 2) (continued)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, deposits and other receivables, amount due from a related company and cash and cash equivalent are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

Financial assets

The Group's financial assets are classified as 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.

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, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (continued)

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial reorganisation.

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

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

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 trade receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit and loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the asset of the Group after deducting all of its liabilities. The Group's financial liabilities are classified into other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Other financial liabilities

Other financial liabilities (including other payables and accruals and loan from shareholders) are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

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

Convertible bonds

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium. Where the conversion option remains unexercised at the maturity date of the convertible bonds, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Financial Instruments (continued)

Financial liabilities and equity (continued)

Convertible bonds (continued)

At initial recognition the derivative component of the convertible bonds is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are charged directly to equity. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

The derivative component is subsequently remeasured in accordance with note 3(r). The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

Derecognition

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

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

Financial liabilities are derecognised when the obligation specific in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) 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.

(o) 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 consolidated 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.

(p) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(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 influence 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) 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.

(s) 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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

(a) Provision of ECL for trade and other receivables

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 5(b).

As at 31 March 2019, the carrying amount of trade receivables and other receivables are approximately HK$875,000 and HK$46,237,000 respectively (net of loss allowance of approximately HK$335,000 and HK$1,812,000 respectively).

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and other receivables are disclosed in Notes 5(b), 18 and 20.

(b) 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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

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

(c) 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.

(d) 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$26,808,000 (2018: HK$45,000,000) and an impairment loss amounted to approximately HK$18,192,000 was recognised during the year ended 31 March 2019 (2018: HK$53,000,000).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Categories of financial instruments

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
At fair value		
Financial assets at FVTPL	**1,716**	1,788
At amortised costs (including cash and cash equivalents)		
– Trade receivables	**875**	1,882
– Deposits and other receivables	**46,740**	33,396
– Amount due from a related company	**60**	60
– Cash and cash equivalents	**4,783**	11,788
	52,458	47,126

	2019	2018
	HK$'000	*HK$'000*
Financial liabilities		
At amortised costs		
– Other payables and accruals	**1,393**	2,505
– Loan from shareholders	**8,775**	3,500
	10,168	6,005

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, trade receivables, deposits and other receivables, amount due from a related company, cash and cash equivalents, other payables and accruals and loan from shareholders. 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 and impairment assessment

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables, deposits and other receivables, and cash and bank balances. At 31 March 2019, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables and other receivables

Credit evaluations are performed on all customers requiring credit terms. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as to the economic environment.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arises when the Group has significant exposure to individual customers.

The Group has a concentration of credit risk in certain individual customers. At the end of each reporting period, the five largest receivable balances accounted for approximately 97.1% (2018: approximately 89.5%) of the trade receivables and the largest trade receivable was approximately 42.6% (2018: approximately 21.3%) of the Group's total trade receivables. The Directors closely monitor the risk exposure of the customers and collateral and would take appropriate action to ensure the risk exposure is acceptable. The Directors are of the view that the expected cash flow of trade receivables are sufficient to cover the carrying amount of trade receivables as at 31 March 2019.

In order to minimise the credit risk, the management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the management reviews the recoverability of each trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. Under HKAS 39, impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 April 2018, the Group applies simplified approach on trade receivables to provide for the ECL prescribed by HKFRS 9. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix (2018: incurred loss model). As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 March 2019 and 1 April 2018:

	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	***HK'000***	***HK'000***
At 31 March 2019			
Within 30 days	**–**	**360**	**–**
31-60 days	**–**	**–**	**–**
61-90 days	**–**	**400**	**–**
Over 90 days	**74.4**	**450**	**(335)**
	74.4	**1,210**	**(335)**

	Expected loss rate	Gross carrying amount	Loss allowance
	%	*HK'000*	*HK'000*
At 1 April 2018			
Within 30 days	–	1,012	–
31-60 days	–	110	–
61-90 days	–	50	–
Over 90 days	61.3	710	(435)
	61.3	1,882	(435)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables and other receivables (continued)

The closing loss allowances for including trade receivables and other receivables as at 31 March 2019 reconcile to the opening loss allowances as follows:

	Trade receivables *HK'000*	Other receivables *HK'000*	Total *HK'000*
At 31 March 2018-HKAS 39	–	–	–
Amounts re-measured through opening accumulated losses	(435)	(461)	(896)
At 1 April 2018-HKFRS 9 (restated)	(435)	(461)	(896)
Reversal of loss allowance recognised in profit or loss during the year	100	–	100
Increase in loss allowance recognised in profit or loss during the year	–	(1,351)	(1,351)
At 31 March 2019 – HKFRS 9	**(335)**	**(1,812)**	**(2,147)**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period greater than agreed contract terms.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables, deposits and other receivables are set out in Note 18 and 20 to the consolidated financial statement.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Credit risk and impairment assessment (continued)

Trade receivables and other receivables (continued)

The management monitored the financial background and creditability of those debtors on an ongoing basis. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history. In this regard, the directors consider that the Group's credit risk is significantly reduced.

Deposits

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. The Group has assessed that the expected credit loss rate for these receivables are immaterial under 12 months expected credit losses method. Thus, no loss allowance for deposit was recognised as at 31 March 2019.

Amount due from a related company

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 March 2019, the internal credit rating of amounts due from a related company were performing. The Group has assessed that the expected credit loss rate for these receivables is immaterial under 12 months expected credit losses method. Thus, no loss allowance for amounts due from a related company was recognised.

Deposits with bank

In respect to the Group's deposit with bank, the Group limits its exposure to credit risk by placing deposits with financial institution with high credit rating and no recent history of default. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations. Management will continues to monitor the position and will take appropriate action if their are changed. As at 31 March 2019 and 2018, the Group has no significant concentration of credit risk in relation to deposit with bank.

In these regards, other than the credit risks mentioned above, the management considers the Group does not have any other significant credit risk and the exposures to these credit risks are monitored on an ongoing basis.

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 2019 would decrease or increase by approximately HK$86,000 (2018: loss before tax decrease or increase approximately HK$89,000). This is mainly due to change in fair value of financial assets at FVTPL.

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 2019

	Weighted average effective interest rate	Repayable on demand or within 1 year	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-derivative financial liabilities						
Other payables and accruals	–	1,393	–	–	1,393	1,393
Loan from shareholders	–	8,775	–	–	8,775	8,775
		10,168	–	–	10,168	10,168

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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

Liquidity risk (continued)

31 March 2018

	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	–	2,505	–	–	2,505	2,505
Loan from shareholders	–	3,500	–	–	3,500	3,500
		6,005	–	–	6,005	6,005

(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.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2019

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets				
Financial assets at FVTPL	**1,716**	**–**	**–**	**1,716**

31 March 2018

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets				
Financial assets at FVTPL	**1,344**	**–**	**444**	**1,788**

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL *HK$'000*
At 1 April 2017	2,191
Unrealised loss recognised in profit or loss	(1,747)
At 31 March 2018 and 1 April 2018	444
Unrealised loss recognised in profit or loss	(444)
At 31 March 2019	**–**

Reconciliation of Level 3 fair value measurements of financial liabilities

	Contingent consideration payables *HK$'000*
At 1 April 2017	39,895
Fair value gain recognised in profit or loss	(39,895)
At 31 March 2018, 1 April 2018 and 31 March 2019	–

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Fair value estimation (continued)

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

Financial assets and liabilities	Fair value as at **31 March 2019**	Fair value as at 31 March 2018	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
1) Financial assets at FVTPL *(Note 19)*	**Unlisted share options in Hong Kong: nil**	Unlisted share options in Hong Kong: HK$444,000	Level 3	Binomial option pricing model *(Note (i))*	The expected share price volatility is 80.00% (2018: 47.86%) with reference to 5.23-6.06 years (2018: 6.23-7.06 years) historical weekly volatilities of comparable companies, an average risk-free rate of 2.17-2.25% (2018: 1.80-1.83%).
	Listed equity securities in Hong Kong: approximately HK$1,716,000	Listed equity securities in Hong Kong: approximately HK$1,344,000	Level 1	Quoted bid prices in an active market	N/A

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.

6. CAPTIAL RISK MANAGEMENT

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

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

	2019	2018
	HK$'000	*HK$'000*
Total debts#	**8,775**	3,500
Total equity	**63,733**	83,594
Gearing ratio	**13.77%**	4.19%

Total debts represent the loan from shareholders.

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.

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	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**3,259**	5,865	**91,982**	118,524	**95,241**	124,389
Segment results	**(4,411)**	2,763	**(8,347)**	(44,239)	**(12,758)**	(41,476)
Unallocated corporate expenses					**(6,137)**	(15,192)
Unallocated corporate income					**500**	89
Gain on disposal of a subsidiary					**–**	3,054
Change in fair value of contingent consideration payables					**–**	39,895
Finance cost					**–**	(4,301)
Loss before tax					**(18,395)**	(17,931)
Income tax					**(570)**	(763)
Loss for the year					**(18,965)**	(18,694)

Revenue reported was generated from external customers. There were no inter-segment sales for the year (2018: Nil).

Segment results represent the (loss incurred)/profit earned by each segment without allocation of other gains and losses 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.

7. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

	Corporate finance advisory service		Dry bulk shipping		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**4,986**	8,509	**75,620**	84,226	**80,606**	92,735
Unallocated assets					**1,960**	4,083
Consolidated total assets					**82,566**	96,818
Segment liabilities	**1,645**	1,513	**8,739**	6,811	**10,384**	8,324
Unallocated liabilities					**8,449**	4,900
Consolidated total liabilities					**18,833**	13,224

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

- all assets are allocated to reportable segments other than corporate financial assets;
- all liabilities are allocated to reportable segments other than other corporate financial liabilities.

7. SEGMENT INFORMATION (CONTINUED)

Other segment information

	Corporate finance advisory service		Dry bulk shipping		Unallocated		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other segment information								
Depreciation of property, plant and equipment	**(485)**	(486)	**(5)**	(75)	**–**	–	**(490)**	(561)
Net losses recognised in respect of on trade and other receivables	**100**	–	**(1,351)**	–	**–**	–	**(1,251)**	–
Net proceed from disposal of financial assets at FVTPL	**–**	10,234	**–**	–	**–**	–	**–**	10,234
Impairment loss on goodwill	**–**	–	**(18,192)**	(53,000)	**–**	–	**(18,192)**	(53,000)
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	3,054	**–**	3,054
Fair value change in financial assets at FVTPL	**(3,197)**	4,235	**–**	–	**(444)**	(1,747)	**(3,641)**	2,488
Additions to non-current assets*	**7**	267	**–**	–	**–**	–	**7**	267

* The amount represents additions to property, plant and equipment for the years ended 31 March 2019 and 2018.

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	
	2019	2018
	HK$'000	*HK$'000*
Customer A	**21,268**	*N/A
Customer B	**18,812**	*N/A
Customer C	**14,510**	*N/A
Customer D	**14,268**	27,064
Customer E	***N/A**	25,383
Customer F	***N/A**	18,781

* The corresponding revenue did not contribute over 10% of the Group's total revenue.

Geographical information

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

For the years ended 31 March 2019 and 2018, 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	
	2019	2018
	HK$'000	*HK$'000*
Hong Kong	**3,259**	5,865
Overseas:		
– Africa	**–**	12,012
– Asia Pacific	**57,878**	55,222
– Australia	**6,122**	3,053
– Europe	**13,053**	24,355
– South America	**8,215**	6,768
– Southwest Asia	**6,714**	17,114
	95,241	124,389

7. SEGMENT INFORMATION (CONTINUED)

Geographical information (continued)

During the years ended 31 March 2019 and 2018, all non-current assets of the Group are located in Hong Kong and no analysis of the Group's assets by geographical area is disclosed.

8. REVENUE AND OTHER GAINS AND LOSSES

Revenue represents the aggregate of the amounts received and receivable from third parties. Revenue from corporate finance advisory services and dry bulk shipping business recognised during the years are as following:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Disaggregation of revenue from contracts with customers		
Corporate finance advisory services	**3,259**	5,865
Dry bulk shipping business	**91,982**	118,524
Revenue from contracts with customers	**95,241**	124,389
Timing of revenue recognition:		
At a point in time	**36,339**	43,297
Over time	**58,902**	81,092
	95,241	124,389

Performance obligations for contracts with customers

Details of performance obligations for contracts with customers for the year ended 31 March 2019 are set out in Note 3(g).

Transaction price allocated to the remaining performance obligation for contracts with customers

All revenue are for the periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

8. REVENUE AND OTHER GAINS AND LOSSES (CONTINUED)

Other gains and losses during the years are as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Bank interest income	**3**	–
Interest income from a promissory note receivable	**–**	198
Interest income in loan receivables	**50**	–
Gain on settlement of trade and other receivables	**443**	–
Sundry income	**1,427**	106
Exchange gain	**34**	30
Fair value change in financial assets at FVTPL:		
– Unrealised loss on financial assets at FVTPL	**(3,615)**	(2,467)
– Realised (loss)/gain on financial assets at FVTPL	**(26)**	4,955
	(1,684)	2,822

9. FINANCE COST

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Imputed interest on convertible bond *(Note 25)*	**–**	4,301

10. LOSS BEFORE TAX

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Employee benefit expenses (including directors' and chief executive officers' emoluments) *(Note 11)*		
– Wages, salaries, allowance and bonus	**8,884**	17,963
– Contribution to retirement benefits schemes	**229**	266
	9,113	18,229
Net impairment losses in respect of trade and other receivables		
Impairment losses on other receivables	**1,351**	–
Reversal of impairment allowance on trade receivables	**(100)**	–
	1,251	–
Depreciation of property, plant and equipment	**490**	561
Auditors' remuneration		
– audit services	**570**	500
Minimum lease payments under operation leases		
– Property rental	**1,495**	1,450

11. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Fee	**570**	587
Other emoluments:		
Salaries, allowance, bonuses and benefits in kind payment expenses	**3,171**	10,069
Contribution to retirement benefits schemes (defined contribution scheme)	**85**	113
	3,826	10,769

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

The emoluments paid or payable to each of the ten (2018: eleven) directors and the chief executive officer were as follows:

	Fee		Salaries		Other benefit contributions		Pension scheme remuneration		Total	
Name of directors	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Executive directors										
Ms. Ho Chiu Ha Maisy (Chairlady)	**–**	–	**300**	300	**–**	–	**15**	15	**315**	315
Mr. Wang Qiang (Chief Executive Officer)	**–**	–	**180**	780	**–**	–	**–**	–	**180**	780
Mr. Wong Kam Wah	**–**	–	**–**	2,099	**696**	4,790	**–**	18	**696**	6,907
Mr. Leung Man Kit *(Note (a))*	**–**	–	**195**	300	**–**	–	**5**	15	**200**	315
Mr. Lau Ling Tak	**–**	–	**900**	900	**–**	–	**18**	18	**918**	918
Ms. Man Wing Yee Ginny	**–**	–	**900**	900	**–**	–	**18**	18	**918**	918
	–	–	**2,475**	5,279	**696**	4,790	**56**	84	**3,227**	10,153
Independent-non-executive directors										
Mr. William Robert Majcher *(Note (b))*	**30**	180	**–**	–	**–**	–	**2**	9	**32**	189
Mr. Yau Yan Ming Raymond	**180**	180	**–**	–	**–**	–	**9**	9	**189**	189
Mr. Siu Chi Yiu Kenny *(Note (c))*	**180**	47	**–**	–	**–**	–	**9**	2	**189**	49
Mr. Lee Chi Keung Jim *(Note (d))*	**180**	47	**–**	–	**–**	–	**9**	2	**189**	49
Mr. Chiu Chi Kong *(Note (e))*	**–**	133	**–**	–	**–**	–	**–**	7	**–**	140
	570	587	**–**	–	**–**	–	**29**	29	**599**	616
Total	**570**	587	**2,475**	5,279	**696**	4,790	**85**	113	**3,826**	10,769

Notes:

(a) Mr. Leung Man Kit was resigned as an executive director with effect from 30 November 2018.

(b) Mr. William Robert Majcher was resigned as an independent-non-executive director with effect from 31 May 2018.

(c) Mr. Siu Chi Yiu Kenny was appointed as an independent-non-executive director on 22 December 2017.

(d) Mr. Lee Chi Keung Jim was appointed as an independent-non-executive director on 22 December 2017.

(e) Mr. Chiu Chi Kong was resigned as an independent-non-executive director with effect from 22 December 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 (2018: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2018: Nil).

12. EMPLOYEES' EMOLUMENTS

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three executive directors (2018: two) whose emoluments were reflected in the analysis presented in Note 11 to the consolidated financial statements. The emolument of the remaining two individual (2018: three) was as follows:

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Salaries	**1,200**	1,775
Allowances and bonuses	**200**	1,955
Contribution to retirement benefits schemes (defined contribution scheme)	**45**	54
	1,445	3,784

The emolument of the two (2018: three) individual who is non-director, with the highest emoluments are within the following band:

	Number of individuals Year ended 31 March	
	2019	2018
Nil to HK$1,000,000	**2**	–
HK$1,000,001 to HK$2,500,000	**–**	3

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 (2018: 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 (2018: Nil).

13. INCOME TAX

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Current tax – Hong Kong		
Provision for the year	**1,854**	1,473
Over provision in prior years	**(1,284)**	–
	570	–
Deferred tax *(Note 27)*	**–**	(710)
	570	763

Hong Kong is calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2018.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK$2 million of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The assessable profits of corporation not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for the year ended 31 March 2019.

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

	Year ended 31 March			
	2019		2018	
	HK$'000	**%**	*HK$'000*	%
Loss before tax	**(18,395)**		(17,931)	
Tax expenses at the Hong Kong Profits Tax rate of 16.5%	**(3,035)**	**(16.5)**	(2,958)	(16.5)
Tax effect of:				
Tax relief of 8.25% on first HK$2 million assessable profit	**(165)**	**(0.8)**	–	–
Tax effect of income not taxable for tax purposes	**(18)**	**(0.1)**	(7,090)	(39.5)
Tax effect of expenses not deductible for tax purposes	**3,381**	**18.3**	9,778	54.5
Tax effect of taxable temporary difference not recognised	**49**	**0.1**	(670)	(3.7)
Tax effect of tax losses not recognised	**1,642**	**8.3**	1,703	9.5
Over provision in respect of prior years	**(1,284)**	**(6.4)**	–	–
Tax expenses for the year	**570**	**2.9**	763	4.3

14. DIVIDENDS

The directors of the Company do not recommend the payment of a dividend in respect of the year ended 31 March 2019 (2018: Nil).

15. LOSS PER SHARE

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

	Year ended 31 March	
	2019	2018
	HK$'000	*HK$'000*
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(18,965)**	(18,694)

	Year ended 31 March	
	2019	2018
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**2,472,959**	2,373,617

During the year ended 31 March 2019, the Company's outstanding share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

During the year ended 31 March 2018, the Company's outstanding convertible bond and share options were not included in the calculation of diluted loss per share because the effect of the Company's outstanding share options were anti-dilutive and therefore the diluted loss per share are the same as the basic loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicle *HK$'000*	Leasehold improvement *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Total *HK$'000*
Cost				
At 1 April 2017	1,180	185	244	1,609
Additions	248	–	19	267
At 31 March 2018 and 1 April 2018	1,428	185	263	1,876
Additions	–	–	7	7
At 31 March 2019	1,428	185	270	1,883
Accumulated depreciation				
At 1 April 2017	33	115	211	359
Charge for the year	476	70	15	561
At 31 March 2018 and 1 April 2018	509	185	226	920
Charge for the year	476	–	14	490
At 31 March 2019	985	185	240	1,410
Carrying amounts				
At 31 March 2019	**443**	**–**	**30**	**473**
At 31 March 2018	919	–	37	956

17. GOODWILL

	HK$'000
Cost	
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	237,948
Accumulated impairment	
At 1 April 2017	139,948
Impairment for the year	53,000
At 31 March 2018 and 1 April 2018	192,948
Impairment for the year	18,192
At 31 March 2019	211,140
Carrying amounts	
At 31 March 2019	**26,808**
At 31 March 2018	45,000

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 22.14% 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 remain constant.

As the carrying amounts of this CGU is lower than the recoverable amount, impairment loss of approximately HK$18,192,000 (2018: HK$53,000,000) was recognised during the year ended 31 March 2019. The decrease in the recoverable amount mainly due to (i) the severe market conditions; (ii) the decrease in market demand from customers and (ii) competitive pricing strategies implemented by the Group to secure shipping orders.

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.

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. TRADE RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**1,210**	1,882
Less: Allowance for impairment losses on trade receivables	**(335)**	–
	875	1,882

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
Current to 30 days	**360**	1,012
31 – 60 days	**–**	110
61 – 90 days	**400**	50
Over 91 days	**450**	710
	1,210	1,882

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. Receivables that were past due but not impaired related to customers that have good creditworthiness. Based on past experience, the management considered no impairment is necessary as there has not been a significant change in credit quality of these balances, which are still considered fully recoverable.

Reversal of expected credit losses on trade receivables of approximately HK$100,000 have been recognised to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 (At 1 April 2018: loss allowance for expected credit losses approximately HK$435,000).

Details of impairment assessment of trade receivables for the year ended 31 March 2019 are set out in Note 5(b) to the consolidated financial statements.

18. TRADE RECEIVABLES (CONTINUED)

Comparative information under HKAS 39

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

	2018 *HK$'000*
Current to 30 days	1,012
31 – 60 days	110
61 – 90 days	50
Over 91 days	710
	1,882

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.

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 ***HK$'000***	2018 *HK$'000*
Unlisted share options, at fair value *(Note (i))*	**–**	444
Listed equity securities, at fair value *(Note (ii))*		
– Equity securities listed in Hong Kong	**1,716**	1,344
	1,716	1,788

Note:

(i) The Group received the share options granted by a client for rewarding its financial advisory services provided in the previous years. 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 valuer. The Share options measured at fair value, details of the fair value measurements are disclosed in Note 5(c).

(ii) The listed equity securities are stated at fair value which are determined by reference to quoted market bid prices.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Prepayments	**1,111**	1,948
Deposits	**503**	3,068
Other receivables*	**48,049**	30,328
	49,663	35,344
Less: Allowance for impairment losses on other receivables	**(1,812)**	–
	47,851	35,344

* The balance included an amount of approximately HK$47,763,000 with credit term 90 days for the year ended 31 March 2019 (2018: HK$27,169,000). The remaining amounts were recoverable on demand.

Losses allowance for expected credit losses on deposits and other receivables of approximately HK$1,351,000 have been recognised to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019 (At 1 April 2018: approximately HK$461,000).

Details of impairment assessment of deposits and other receivables for the year ended 31 March 2019 are set out in Note 5(b) to the consolidated financial statements.

21. AMOUNT DUE FROM A RELATED COMPANY

	Maximum outstanding balance during the year	**2019**	2018
		HK$'000	*HK$'000*
Chanceton Corporate Services Limited	60	**60**	60

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.

Details of impairment assessment of amount due from a related company for the year ended 31 March 2019 are set out in Note 5(b) to the consolidated financial statements.

22. CASH AND CASH EQUIVALENTS

	2019	2018
	HK$'000	*HK$'000*
Cash at banks and on hand	**4,783**	11,788

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

23. OTHER PAYABLES AND ACCRUALS

	2019	2018
	HK$'000	*HK$'000*
Other payables	**573**	2,056
Accruals	**820**	449
	1,393	2,505

24. LOAN FROM SHAREHOLDERS

The loan from shareholders was unsecured, interest-free and repayable on demand.

25. 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.

25. CONVERTIBLE BOND (CONTINUED)

The convertible bond has been spilt 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 2019 and 2018 were as follows:

	HK$'000
As at 1 April 2017	83,199
Interests charged for the year *(Note 9)*	4,301
Conversion to ordinary shares	(87,500)
As at 31 March 2018, 1 April 2018 and 31 March 2019	–

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.

The convertible bond with principal amount of approximately HK$87,500,000 was fully converted during the year ended 31 March 2018.

26. CONTINGENT CONSIDERATION PAYABLES

	2019	2018
	HK$'000	*HK$'000*
At 1 April	**–**	39,895
Less: Fair value change on contingent consideration payables	**–**	(39,895)
At 31 March	**–**	–

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. During the year ended 31 March 2018, the vendors and the Group entered an agreement to terminate the contingent consideration due to the unsatisfactory performance of Ture Yield Limited and its subsidiaries. No consideration shares have been allotted and issued during the year ended 31 March 2018.

27. DEFERRED TAX LIABILITIES

The followings are the major deferred tax balances recognised and movements thereon during the years ended 31 March 2019 and 2018:

	Convertible bond
	HK$'000
As at 1 April 2017	710
Credited to consolidated statement of profit or loss and other comprehensive income *(Note 13)*	(710)
At 31 March 2018, 1 April 2018 and 31 March 2019	**–**

27. DEFERRED TAX LIABILITIES (CONTINUED)

At 31 March 2019, the Group has unused tax losses of approximately HK$33,469,000 (2018: approximately HK$29,924,000) available to offset against future profits. No deferred tax asset had recognised (2018: Nil) due to the unpredictability of future profit streams.

28. SHARE CAPITAL

	Number of shares		Share Capital	
	2019	2018	**2019**	2018
	'000	*'000*	***HK$'000***	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
Balance at the beginning and at the end of the year *(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	**2,472,959**	2,332,959	**24,730**	23,330
Issuance of shares upon conversion of convertible bonds *(Note (b))*	**–**	140,000	**–**	1,400
Balance at the end of the year	**2,472,959**	2,472,959	**24,730**	24,730

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 15 December 2017, 140,000,000 new shares were issued at HK$0.625 per share upon the full conversion of convertible bond with a principal amount of HK$87,500,000 (Note 25).

29. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 HK$'000	2018 HK$'000
ASSETS		
Non-current assets		
Investment in subsidiaries	**21**	21
Amounts due from subsidiaries	**66,810**	77,397
	66,831	77,418
Current assets		
Prepayments, deposits and other receivables	**9**	3,000
Cash and cash equivalents	**1,743**	158
	1,752	3,158
Less: Current liabilities		
Other payables and accruals	**932**	1,289
Loan from shareholders	**7,400**	3,500
Amounts due to subsidiaries	**1,168**	2,101
	9,500	6,890
Net current liabilities	**(7,748)**	(3,732)
Total assets less current liabilities	**59,083**	73,686
Net assets	**59,083**	73,686
EQUITY		
Share capital *(Note 28)*	**24,730**	24,730
Reserves *(Note 30)*	**34,353**	48,956
Total equity	**59,083**	73,686

Approved and authorised for the issue by the board of directors on 28 June 2019 and signed on its behalf by:

Mr. Wong Kam Wah	**Mr. Lau Ling Tak**
Director	*Director*

30. 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*
At 1 April 2017	179,881	20	22,856	1,954	(228,424)	(23,713)
Total comprehensive loss for the year	–	–	–	–	(13,431)	(13,431)
Issuance of shares upon conversion of convertible bonds	108,956	–	(22,856)	–	–	86,100
At 31 March 2018 and 1 April 2018	288,837	20	–	1,954	(241,855)	48,956
Total comprehensive loss for the year	–	–	–	–	(14,603)	(14,603)
At 31 March 2019	**288,837**	**20**	**–**	**1,954**	**(256,458)**	**34,353**

Note:

Distributable Reserves

As at 31 March 2019, the Company's reserves available for cash distribution and/or distribution in specie, calculated in accordance with the Companies Law (2003 Revision) of the Cayman Islands to members amounted to approximately HK$32,379,000 (2018: HK$46,982,000) which comprised share premium of approximately HK$288,837,000 (2018: approximately HK$288,837,000) and deficit of accumulated losses of approximately HK$256,458,000 (2018: deficit of approximately HK$241,855,000). No final dividend (2018: Nil) had been proposed out of such reserves for the year.

31. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2019 were as follows:

Name of company	Place of incorporation	Nominal value of issued ordinary share capital	Percentage of equity and voting rights attributable to the Company		Principal activities
			Direct	Indirect	
Chancenton Alliance Investments Holdings Limited	BVI	US$2,500	**100**	**–**	Investment holdings
Chanceton Alliance (II) Investments Holdings Limited	BVI	US$1	**100**	**–**	Investment holdings
Chanceton 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
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

31. 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.

32. DISPOSAL OF A SUBSIDIARY

On 29 March 2018, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in Mysteriously Time Investments Limited at cash consideration of HK$3,000,000. Summary of the effects of the disposal is as follows:

	HK$'000
Net assets disposal of:	
Other receivables	103
Net assets disposed of	103
Gain on disposal of a subsidiary:	
Cash consideration	3,000
Net assets disposed of	(103)
Release of cumulative exchange difference on translation of foreign operations	157
	3,054
Net cash inflow from disposal of a subsidiary:	
Consideration received in cash and cash equivalents	–
Less: cash and cash equivalent balances disposed of	–
	–

Notes to Consolidated Financial Statements

For the year ended 31 March 2019

33. SHARE OPTION SCHEME

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

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

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

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

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.

33. SHARE OPTION SCHEME (CONTINUED)

The following table discloses movements of the Company's share options granted pursuant to the Share Option Scheme:

Year ended 31 March 2019

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 2018 '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 2019 '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

Year ended 31 March 2018

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 2017 '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 2018 '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 2019 and 2018.

33. SHARE OPTION SCHEME (CONTINUED)

No share option granted during the years ended 31 March 2019 and 2018.

	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%

34. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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:

	2019 *HK$'000*	2018 *HK$'000*
Within one year	**1,225**	790
In the second to fifth years, inclusive	**670**	–
	1,895	790

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

35. 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:

	2019 ***HK$'000***	2018 *HK$'000*
Short-term employees benefits	**3,741**	10,656
Post-employment benefits	**85**	113
Total	**3,826**	10,769

For the years ended 31 March 2019 and 2018, the Group had the following transactions with related parties:

Name of related party	**Relationship**	**Nature of transaction**	**2019** ***HK$'000***	2018 *HK$'000*
Chanceton Corporate Service Limited	Common director and shareholder	Corporate service fee	**25**	55

Transaction with party within the Group is as follows:

Name of subsidiary	**Nature of transaction**	**2019** ***HK$'000***	2018 *HK$'000*
Chanceton Capital Partners Limited	Management fee income received *(Note (i))*	**1,200**	6,740

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.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan from shareholders	Convertible bond	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	–	83,199	83,199
Changes from financing cash flows:			
Advance from substantial shareholders	3,500	–	3,500
Other changes:			
Finance cost	–	4,301	4,301
Conversion of convertible bond	–	(87,500)	(87,500)
At 31 March 2018 and 1 April 2018	3,500	–	3,500
Changes from financing cash flows:			
Advance from substantial shareholders	5,275	–	5,275
At 31 March 2019	**8,775**	**–**	**8,775**

37. MAJOR NON-CASH TRANSACTIONS

For the year ended 31 March 2019, the Group subscribed the listed equity shares issued by a customer as the settlement of the outstanding aggregate amount approximately HK$3,250,000 which included the outstanding amount of trade receivables approximately HK$700,000 and outstanding other receivables with amounting of approximately HK$2,505,000 respectively. A gain on settlement of trade and other receivables with amounting of approximately HK$443,000 was recognised in the profit or loss during the year.

For the year ended 31 March 2018, as set out in Note 33, the consideration receivable from the disposal of Mysteriously Time Investments Limited was included in prepayments, deposits and other receivables with amount of approximately HK$3,000,000.

38. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 June 2019.

Financial Summary

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Results					
Revenue	**95,241**	124,389	198,336	141,151	8,666
Profit/(loss) for the year attributable to the owners of the Company	**(18,965)**	(18,694)	(198,553)	18,491	(41,727)
Dividends	**–**	–	–	–	–

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Assets and liabilities					
Total assets	**82,566**	96,818	147,384	442,061	213,467
Total liabilities	**(18,833)**	(13,224)	(132,439)	(264,626)	(75,002)
Total equity	**63,733**	83,594	14,945	177,435	138,465

Note:

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