

The background features a blue-toned financial candlestick chart on the left and a faint world map at the bottom. A large, glowing white circle on the right contains the company's logo and name.

WONDERFULsky
皓天財經集團

WONDERFUL SKY FINANCIAL GROUP HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability) Stock Code: 01260

2018 ANNUAL REPORT

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FINANCIAL SUMMARY

	Year ended 31 March				2018 <i>HK\$'000</i>
	2014 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	
RESULTS					
Revenue	458,543	523,580	619,122	616,945	479,595
Profit before taxation	183,948	239,958	291,657	324,024	169,292
Taxation	(30,127)	(41,001)	(51,765)	(52,862)	(34,586)
Profit for the year	153,821	198,957	239,892	271,162	134,706

FINANCIAL SUMMARY

	At 31 March				2018 HK\$'000
	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000	2017 HK\$'000	
ASSETS AND LIABILITIES					
Total assets	734,137	1,044,583	1,671,850	1,954,349	2,378,967
Total liabilities	(116,834)	(320,673)	(452,796)	(623,833)	(1,026,927)
	617,303	723,910	1,219,054	1,330,516	1,352,040
Equity attributable to owners of the Company	617,303	723,910	1,219,054	1,330,516	1,352,040

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Liu Tianni (*Chairman and Chief Executive Officer*)
Liu Lin

Independent non-executive Directors

Li Ling Xiu
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

AUDIT COMMITTEE

Lee Wing Sze, Rosa (*Chairman*)
Li Ling Xiu
Lam Yim Kei, Sally

NOMINATION AND REMUNERATION COMMITTEES

Li Ling Xiu (*Chairman*)
Liu Tianni
Lam Yim Kei, Sally
Lee Wing Sze, Rosa

COMPANY SECRETARY

Wong Yat Tung *HKICS* – resigned on 30 May 2018
Lau Kwok Yin *HKICPA* – appointed on 30 May 2018

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Construction Bank (Asia) Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited
Royal Bank House, 3rd Floor
24 Shedden Road
P.O. Box 1586
Grand Cayman KY1-1110
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

9/F, The Center
No. 99 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Grand Pavilion
Hibiscus Way
802 West Bay Road
P.O. Box 31119
Grand Cayman KY1-1205
Cayman Islands

STOCK CODE

1260

COMPANY WEBSITE

<http://www.wsfg.hk>

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Wonderful Sky Financial Group Holdings Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”), I am pleased to present all shareholders with our annual report of the Group for the year ended 31 March 2018.

RESULTS

The Group's profit for the year attributable to owners of the Company decreased from approximately HK\$271.2 million for the year ended 31 March 2017 to HK\$134.7 million for the year ended 31 March 2018, representing a decrease of approximately 50.3%.

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 March 2018 (2017: final dividends totalling HK7.4 cents per share were declared and paid).

BUSINESS REVIEW

The Group's profit decreased from approximately HK\$271.2 million for the year ended 31 March 2017 to approximately HK\$134.7 million for the year ended 31 March 2018, representing a decrease of approximately 50.3%. The Group's revenue decreased from approximately HK\$616.9 million for the year ended 31 March 2017 to approximately HK\$479.6 million for the year ended 31 March 2018, representing a decrease of approximately 22.3%.

The Group's business consists of two major business segments, namely, the financial public relations service segment and the international roadshow service segment.

Financial public relation service segment

Our financial public relation services include (i) public relations services; (ii) investor relations services; (iii) financial printing services and (iv) capital markets branding. During the year ended 31 March 2018, this business segment delivered a turnover of approximately HK\$371.3 million (2017: HK\$513.9 million), representing a decrease of approximately 27.7%. The profit of this business segment for the year ended 31 March 2018 was approximately HK\$149.1 million (2017: HK\$291.0 million), representing a decrease of approximately 48.8%. The decrease in revenue and profit of this business segment was attributed to a decrease in the number of, as well as the proceeds from, large-scale initial public offerings in Hong Kong in the current year. In addition, the profit of this business segment was affected by an increase in provision for doubtful debts.

CHAIRMAN'S STATEMENT

International roadshow service segment

Our international roadshow services include coordination, organisation and management of the overall logistics of roadshows for our clients. While we handle this for our clients, they would be able to focus on the presentation aspect of the roadshows. The revenue and profit of this segment increased by approximately 5.0% and 25.6%, respectively, to approximately HK\$108.3 million (2017: HK\$103.1 million) and HK\$23.4 million (2017: HK\$18.6 million) for the year ended 31 March 2018, which was attributed to an increase in bond-deal roadshows during the year.

Aside from the profit generated from the two business segments, the Group also generated investment income of HK\$82.7 million (2017: HK\$50.3 million) from its available-for-sale investments for the year ended 31 March 2018. However, affected by performance of the global bond market, the Group made a loss of HK\$5.2 million (2017: gain of HK\$33.2 million) from its available-for-sale investments' disposals. The available-for-sale investments comprise bonds listed on The Stock Exchange of Hong Kong Limited ("HKEx"), Singapore Exchange Securities Trading Limited ("SGX") or overseas exchanges and unlisted fund securities. The Group takes a prudent approach on its investments and reviews their performance regularly. Details of the Group's available-for-sale bond investments which exceeded 5% of total available-for-sale investment balance as at 31 March 2018 are as follows:

Bond issuer name	Listed on	Bond code	Coupon rate	Maturity date	Face value	Market value		Coupon interest
						US\$	HK\$	HK\$
China Gold International Resources Corporation Limited	HKEx	XS1612513132	3.25%	6 July 2020	11,000,000	83,715,500		646,482
China Reinsurance Finance Corporation Limited	HKEx	XS1572895198	3.38%	9 March 2022	11,000,000	82,479,375		167,841
China Cinda Asset Management Company Limited	HKEx	XS1496760239	4.45%	Perpetual	10,000,000	73,842,000		1,724,375
China South City Holdings Limited	SGX	XS1756727290	7.25%	25 January 2021	10,000,000	74,046,910		1,014,497
Sunshine 100 China Holdings Limited	HKEx	XS1464644324	6.50%	11 August 2021	9,000,000	69,916,703		596,219
Xinhu Zhongbao Company Limited	HKEx	XS1560668425	6.00%	1 March 2020	9,000,000	67,538,925		337,124
Xinyuan Real Estate Company Limited	SGX	XS1567240418	7.75%	28 February 2021	9,000,000	64,999,640		467,148
Fantasia Holdings Group Company Limited	SGX	XS1586441005	5.50%	12 June 2018	5,000,000	38,711,250		639,375
		XS1498418224	7.38%	4 October 2021	3,000,000	22,231,650		843,054
					8,000,000	60,942,900		1,482,429
Huacheng Energy Company Limited	SGX	XS1593171967	6.63%	18 May 2020	7,500,000	53,257,031		1,422,652

CHAIRMAN'S STATEMENT

In addition, the Group invested in the following fund which exceeded 5% of total available-for-sale investment balance as at 31 March 2018:

Fund name	Code	Indicated annual return	Market value HK\$
Value Partners Greater China High Yield	KYG9319N1337	8.20%	92,018,069

The remaining available-for-sale investments comprise 11 listed bond investments and 1 unlisted fund investment. The individual balance of these investments represent less than 5% of the total available-for-sale investments balance as at 31 March 2018.

FINANCIAL REVIEW

Liquidity and Financial Resources

The Group generally finances its operations with internally generated cash flow and banking facilities provided by banks in Hong Kong. The Group is financially sound and its cash position remains healthy. The Group's bank balances and cash as of 31 March 2018 amounted to approximately HK\$165.5 million. Aside from placing deposits with commercial banks, the Group purchased principal guaranteed, short-term and low risk unlisted financial products so as to ensure the security and value of the capital. These products were offered and guaranteed by banks with good reputation. At 31 March 2018, the aggregate principal of these products amounted to HK\$42.2 million and their maturity dates were before 17 April 2018. The unguaranteed annualised rate of returns of these products ranged from 3.1% to 4.5%. The Group takes a prudent approach in selecting financial products.

The Group's gearing ratio as at 31 March 2018 was 56.2% (2017: 24.7%), based on the short-term bank loans of the Group (net of bank balances and cash) and the equity attributable to equity holders of the Company. The increase in the Group's gearing ratio was due to the bank borrowings obtained during the year to finance the purchase of the whole of the 9th floor, The Center, No. 99 Queen's Road Central, Hong Kong. The Group has moved into this new office in early April 2018. This new office not only provides the Group with more space, but also capital appreciation potential and at the same time, reduces the Group's exposure to rental expenditure increment. Management believes that the Group's bank balance, liquid assets value, operating inflow and available banking facilities are sufficient to fulfill the working capital requirements of the Group.

CHAIRMAN'S STATEMENT

Exchange Rates Exposure

Most of the transactions of the Group were made in Hong Kong dollars, US dollars and Renminbi. As of 31 March 2018, the Group was not exposed to any material exchange risk on US dollars as the exchange rates of Hong Kong dollars and US dollars were relatively stable under the currency peg system. The Group does not currently have a hedging policy on Renminbi but its management monitors such exposure closely and will consider hedging such exposure should the need arise.

Pledge of assets

As at 31 March 2018, leasehold land and building amounted to approximately HK\$644.7 million (31 March 2017: nil), available-for-sale investments amounted to approximately HK\$997.0 million (31 March 2017: HK\$1,282.2 million) and bank balances amounted to approximately HK\$108.0 million (31 March 2017: HK\$0.2 million) were pledged as securities for bank facilities.

Contingent Liabilities

As at 31 March 2018, the Group had no contingent liabilities.

PROSPECTS

In the first half of 2018, although the number of listing of new shares was more than the same period in 2017, the funds raised were lower as compared with the same period in 2016. Looking ahead, we believe that the implementation of various measures on reforms in the capital markets in Hong Kong will further enhance the dynamic and competitiveness of the stock market, including, among others, the expansion of the listing regime of Hong Kong stock market and the acceptance of weighted voting right structure. Meanwhile, as a major national strategic development under the national development blueprint, Guangdong-Hong Kong-Macau Greater Bay Area aims to promote in-depth cooperation between Guangdong Pearl River Delta, Hong Kong and Macau, and it is expected to create an interconnected world-class bay area.

For the year ended 31 March 2018, the Group continued to be the absolute leader in terms of market share in the financial public relations and international roadshow markets in Hong Kong. At the same time, in light of the needs of cross-border capital markets, we are further developing our overseas, Hong Kong and Mainland China markets through setting up offices in international cities like Singapore and through further strengthening and integration of our overseas, Hong Kong and Mainland China work force.

CHAIRMAN'S STATEMENT

In addition to geographical expansion, the Group is continuing to meet the service requirements of its customers. We are improving and expanding our professional services in order to provide diversified one-stop financial services to our customers. During the year ended 31 March 2018, the Group has completed the acquisition of Golden Jade Asset Management Limited ("**Golden Jade**"), paving the way for engagement in the asset management business. Golden Jade is a licensed corporation which can carry out Type 9 (Asset Management) regulated activities under the Securities and Futures Ordinance. The Group will continue to strengthen our long-term friendly cooperative relationship with investment banks, and actively explore for opportunities in other financial services markets and will gradually enter these markets at opportune time. The Group will continue to improve and enhance our professional standard in response to the needs of its customers in order to provide further enriched and diversified one-stop financial services to our customers. Our Group will actively explore expansion into the strategy consultancy and asset management businesses and will enter these fields at opportune time.

While the Group is constantly updating and strengthening its database, it is also proactively building the "Wonderful Cloud" financial service platform. Wonderful Cloud is leveraging on its offline advantages to provide value-adding services including information sharing, data storage and sharing and professional data analysis to capital market professionals, senior executives of listed companies and the general public. We believe Wonderful Cloud will not only help us to develop our online services, but also increase client loyalty and help our Group to expand geographically. Wonderful Cloud (Phase 1) has been completed and is being put into trial operation. The Group will complete phase 2 and 3 as soon as possible.

Looking ahead, despite the challenges and uncertainties in the market, the Group will continue to leverage on its experience, skillset and know-how with an aim to keep abreast of market trend, expand service offerings and implement other strategies so as to provide better services to customers and consolidate our leading position in the industry.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2018, the Group had 280 full-time employees. Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis and bonuses paid, if any, will be based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include mandatory provident fund scheme, share option scheme and medical insurance.

CHAIRMAN'S STATEMENT

CLOSURE OF REGISTER OF MEMBERS FOR THE ANNUAL GENERAL MEETING (“AGM”)

The AGM of the Company will be held on 10 August 2018. The register of members of the Company will be closed from 7 August 2018 to 10 August 2018 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 6 August 2018.

TOP-UP PLACING AND TOP-UP SUBSCRIPTION UNDER GENERAL MANDATE

The Company received net proceeds in the sum of approximately HK\$423.0 million from the issue of new shares in its top-up placement in 2015. The top-up subscription was completed on 4 May 2015.

The net placement proceeds are intended to be used on a mobile internet professional service platform, the “Wonderful Cloud”, which provides online to offline (“O2O”) financial services to our customers and the public investment community. Wonderful Cloud is now in the process of being developed and is expected to go online in phases. Our intention is to develop Wonderful Cloud into a premier financial service platform. In accordance with the current plan, Wonderful Cloud (Phase 1) has been put into trial operation while phases 2 and 3 will be completed in a timely manner. Currently, the unutilised net proceeds are placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC and available-for-sale investments. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company's announcement dated 4 May 2015 on the website of the HKEx.

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

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares.

APPRECIATION

On behalf of the Board, I would like to thank all our staff for their dedication and contributions and our customers, suppliers, business associates and shareholders for their continuous support over the years.

Liu Tianni

Chairman

Hong Kong, 28 June 2018

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

EXECUTIVE DIRECTORS

Mr. Liu Tianni (劉天倪), aged 54, is the Chairman and Chief Executive Officer of the Company and has been an executive Director since January 2011. He is also an executive Director of all subsidiaries of the Group. He is primarily responsible for developing new business areas, and formulating the Group's developmental goals and strategies. Mr. Liu has over 20 years of experience in the financial investment sector, Mr. Liu obtained a master's degree in Science (理學碩士學位) from Beijing Normal University (北京師範大學) in 1990. Mr. Liu has been the President of The Listed Companies Council, Hong Kong Chinese Enterprises Association since 2015. Currently, Mr. Liu is an independent non-executive director of Qingling Motors Company Limited (stock code: 1122) and Luoyang Glass Company Limited (stock code: 1108), shares of which are all listed on the Main Board of the HKEx. Mr. Liu has been elected as a member (Hong Kong) of the Chongqing Committee of the Chinese People's Political Consultative Conference on 19 March 2013. In addition, Mr. Liu is the sole director of and holds 51% of the entire issued share capital in Sapphire Star Investments Limited, a substantial shareholder of the Company.

Ms. Liu Lin (劉琳), age 43, has been an executive Director of the Company since 20 October 2015. She is currently the Chief Risk Officer and member of the investment committee of Jiangxi Copper (Beijing) International Investment Company in People's Republic of China. Before joining Jiangxi Copper (Beijing) International Investment Company, she had worked for PricewaterhouseCoopers. She was a specialist in the design in the risk management system for private equity investment, debt investment and stock market investment. She has participated in a number of projects in advisory work for state-owned commercial banks and state-owned policy banks, including building up its risk management system from risk identification and risk evaluation to risk mitigation according to the Basel Compliance requirement from China Banking Regulatory Commission.

She obtained a Master of Business Administration from the University of Illinois at Chicago and Bachelor at the China Foreign Affairs University in PRC, major in Diplomacy. She is the niece of Mr. Liu Tianni, the Chairman and Chief Executive Officer of the Company.

BIOGRAPHICAL DETAILS OF THE DIRECTORS OF THE COMPANY

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Li Ling Xiu (李靈修), aged 55, has been an independent non-executive Director of the Company since 7 March 2012. She was the group deputy general manager of China Strategic Holdings Limited, a company whose shares are listed on the Main Board of the HKEx (stock code: 235). She has been the Chief Executive Officer and a director of Chip Lian Investments (HK) Limited since January 2001. Ms. Li obtained a Bachelor's degree of Arts (文學學士學位) in English Language from Hunan Normal University (湖南師範學院) in July 1984 and successfully completed the Advanced Management Program at Harvard Business School from September 2000 to November 2000. Ms. Li was a non-executive Director of IPC Corporation Limited from May 2009 to April 2017 and was a non-executive Director of Metech International Limited (formerly known as Centillion Environment & Recycling Limited) from September 2006 to March 2013, the shares of both companies are listed on the Singapore Stock Exchange.

Ms. Lam Yim Kei, Sally (林冉琪), aged 45, has been an independent non-executive Director of the Company since 7 March 2012. She has more than 15 years of experience in the corporate finance industry. She worked for G.T. Investment Limited as an executive assistant from February 1999 to January 2000. During the period from January 2000 to May 2001, Ms. Lam worked for Core Pacific Yamaichi International (H.K.) Limited and was an assistant manager of its corporate and private banking department when she left. She then worked for CSC Securities (HK) Limited as an associate director in its sales/dealing department from May 2001 to March 2003. She worked as an associate director in the equity capital markets department of China Merchants Securities (HK) Company Limited from May 2003 to January 2007. She has been working as an associate director in Wag Worldsec Corporate Finance Limited since January 2007. Ms. Lam obtained a Master's degree in Economics from The University of Hong Kong in November 2008 and a Bachelor's degree of Arts in Languages with Business from The Hong Kong Polytechnic University in November 1996.

Ms. Lee Wing Sze, Rosa (李詠思), aged 43, has been an independent non-executive Director of the Company since 15 January 2016. She has 20 years of experience in accounting, financing and auditing. She is the vice president and company secretary of China Yurun Food Group Limited (Stock Code: 01068), a company whose shares are listed on the Main Board of the HKEx. Ms. Lee was the Chief Financial Officer of ZZNode Holdings Company Limited (now known as China Chuanglian Education Group Limited) (Stock Code: 2371) and Superdata Software Holdings Limited (Stock Code: 8263 (delisted in May 2006)). She graduated from the Chinese University of Hong Kong with a Bachelor's degree in business administration, majoring in professional accounting and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants of the UK.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited consolidated financial statements for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company are investment holding and securities investments. The principal activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements. There have been no significant changes in the nature of the Group's principal activities during the year.

A review of the business of the Group for the year, discussion on the key financial performance indicators of the Group and prospect of the Group are set out in the "CHAIRMAN'S STATEMENT" section of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year under review, if any, can be found in the abovementioned section and the notes to the consolidated financial statements.

An analysis of the Group's performance for the year by segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The Group's financial performance for the year ended 31 March 2018 and the financial position of the Group and of the Company as at that date are set out in the financial statements on pages 41, 42 and 114, respectively.

The Board does not recommend the payment of any dividend for the year ended 31 March 2018.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group values the importance of protecting the environment in the process of operation. As our Group is principally engaged in the provision of services, we do not have significant air emissions and discharges into water, besides the non-hazardous solid wastes generated in our office premises. In recent years, we have strengthened our green office concept by promoting paperless office, using LED lights and selecting energy-saving electric appliances so as to reduce energy consumption.

To comply with the requirements set forth in Appendix 27 Environmental Social and Governance Reporting Guide ("**ESG Guide**") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**Listing Rules**"), we present in another section of this annual report our Environmental, Social and Governance report ("**ESG Report**") for the year ended 31 March 2018.

REPORT OF THE DIRECTORS

COMPLIANCE WITH LAWS AND REGULATION

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with such requirements. Accordingly, the Group has been allocating staff resources to ensure ongoing compliance with rules and regulations as well as to maintain cordial working relationships with regulators through effective communications. During the year under review, the Group has complied, to the best of our knowledge, with the Securities and Futures Ordinance (“SFO”), the Listing Rules and other relevant rules and regulations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's principal business activities comprise provision of financial public relations services and organization and coordination of roadshows, which are exposed to a variety of risks including operational risk and market risk. Details of the aforesaid key risks and risk mitigation measures are set out in note 32 to the financial statements of this annual report.

The Group's long term profitability and business growth are affected by the volatility and uncertainty of macro-economic conditions (including but not limited to performance of the stock indexes and fund demand), financial volatility (exacerbated by divergent trade and financial policies of the US and other global nations), and uncertain economic outlook and political conditions of Hong Kong, Mainland China, the US, Eurozone and other global nations.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, service vendors, regulators and shareholders.

Employees

Employees are regarded as the most important and precious assets of the Group. The objective of the Group's human resources management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group's principal customers are from companies listed on the HKEx or companies currently in the IPO process. The Group has the mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service towards market penetration and expansion.

REPORT OF THE DIRECTORS

Service vendors

Sound relationships with key service vendors in supply chain and premises management are important in meeting business challenges and regulatory requirements. Such relationships can help the Group to derive cost effectiveness and foster long term business benefits. The key service vendors comprise system and equipment vendors, external consultants, suppliers of office goods/merchandise and other business partners which provide value-added services to the Group.

Regulators

The Group is a company listed on the HKEx. We make it a top priority to stay up to date and ensure compliance with its rules and regulations.

Shareholders

One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is dedicated to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account liquidity positions and future business expansion needs of the Group.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

On 30 March 2012, the Company received net proceeds in the sum of approximately HK\$314.8 million on the listing of new shares on the Main Board of the HKEx. Up to 31 March 2018, the Group has used net proceeds of approximately HK\$94.6 million, of which HK\$83.4 million was used in previous years and HK\$11.2 million was used in the current financial year on strategic acquisitions. The net proceeds not yet used have been placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC. The Directors will endeavour to apply the remaining net initial public offering proceeds to their intended use as set out in the Company's prospectus dated 19 March 2012.

USE OF PROCEEDS FROM THE COMPANY'S SHARE PLACEMENT

The Company received net proceeds in the sum of approximately HK\$423.0 million from the issue of new shares in its top-up placement in 2015. The top-up subscription was completed on 4 May 2015.

The net placement proceeds is intended to be used for a mobile internet professional service platform, the "Wonderful Cloud", which provides online to offline ("O2O") financial services to our customers and the public investment community. Wonderful Cloud is now in the process of being developed and is expected to go online in phases. Our intention is to develop Wonderful Cloud into a premier financial service platform and we, based on the current plan, Wonderful Cloud (Phase 1) is being put into trial operation while phases 2 and 3 will be completed in a timely and orderly manner. The net proceeds are placed on short-term deposits and money market instruments with authorized financial institutions and licensed banks in Hong Kong and the PRC and available-for-sale investments. The Directors are of the opinion that the net proceeds will be applied in the coming years to their intended uses as set out in the Company's announcement dated 4 May 2015 on the website of the HKEx.

REPORT OF THE DIRECTORS

SUMMARY FINANCIAL INFORMATION

The summary of the results and of the assets and liabilities of the Group for the last five financial years are set out on pages 2 and 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 26 to the consolidated financial statements.

EQUITY-LINKED AGREEMENT

Save for the share option scheme disclosed in this annual report, there were no equity-linked agreement was entered into during the year or subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution amounted to approximately HK\$112.3 million, calculated in accordance with the provisions of Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate amount of revenue attributable to the Group's five largest customers represented approximately 16.5% of the Group's total revenue for the year ended 31 March 2018. The amount of revenue received from the Group's largest customer represented approximately 4.8% of the Group's total revenue for the year ended 31 March 2018.

The aggregate amount of purchases attributable to the Group's five largest suppliers represented approximately 20.2% of the Group's total purchases for the year ended 31 March 2018. The amount of purchases from the Group's largest supplier represented approximately 6.9% of the Group's total purchases for the year ended 31 March 2018.

REPORT OF THE DIRECTORS

None of the Directors nor any of their associates nor any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the year.

DIRECTORS

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

Executive Directors:

Mr. Liu Tianni
Ms. Liu Lin

Independent non-executive Directors:

Ms. Li Ling Xiu
Ms. Lam Yim Kei, Sally
Ms. Lee Wing Sze, Rosa

Mr. Liu Lin and Ms. Lee Wing Sze, Rosa will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting in accordance with Article 84 of the Company's articles of association. The Company has received annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from all independent non-executive Directors and still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by section 470 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) when the Report of the Board of the Directors prepared by the Directors is approved in accordance with section 391(1)(a) of the Companies Ordinance.

MANAGEMENT CONTRACTS

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

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

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO were as follows:

Long positions in the ordinary shares of the Company

(i) The Company

Name of Director	Long/Short position	Interest in controlled corporation	Number of shares held			Total interests	Total interests as % of the issued share capital of the Company
			Personal interest	Joint interest	Family interest		
Mr. Liu Tianni	Long	750,000,000 <i>(Note 1)</i>	–	6,904,000 <i>(Note 2)</i>	49,128,000 <i>(Note 3)</i>	806,032,000	67.51%

REPORT OF THE DIRECTORS

Notes:

1. These shares are owned by Sapphire Star Investments Limited ("**Sapphire Star**"), a company incorporated in the British Virgin Islands. Mr. Liu Tianni ("**Mr. Liu**") holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star as they are held by his spouse, Ms. Luk Ching, Sanna ("**Mrs. Liu**"). Accordingly, Mr. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star under the SFO.
2. These shares are owned by Mr. Liu and Mrs Liu jointly.
3. These shares are owned by Mrs. Liu. Mr. Liu is deemed or taken to be interested in these shares for the purpose of the SFO.

(ii) Associate Corporation

Name of Director	Long/Short position	Name of associated corporation	Number of shares held	Approximately percentage of interest in Sapphire Star
Mr. Liu Tianni (<i>Note</i>)	Long	Sapphire Star	100	100%

Note: Mr. Liu Tianni holds 51% of the issued share capital in Sapphire Star. Under the SFO, Mr. Liu is deemed to be interested in the remaining 49% of the issued share capital in Sapphire Star, which is held by his spouse, Mrs. Liu. Accordingly Mr. Liu Tianni is deemed or taken to be interested in 100% of the issued share capital of Sapphire Star.

Save as disclosed above, as at 31 March 2018, none of the Directors or chief executive of the Company had any interests and short positions in the shares, underlying shares or 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 HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Issuers and which were required to be entered into the register required to be kept under Section 352 of the SFO.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2018, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares and 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:

Name of Shareholder	Long/Short position	Beneficial Owner	Interest in controlling corporation	Total interests	Percentage of issued share capital of the Company
Sapphire Star	Long	750,000,000 <i>(Note 1)</i>	–	750,000,000	62.82%
Mrs. Liu	Long	56,032,000 <i>(Note 2)</i>	750,000,000 <i>(Note 1)</i>	806,032,000	67.51%
Value Partners Group Limited	Long	12,412,000	59,808,000 <i>(Note 3)</i>	72,220,000	6.05%

Notes:

1. The shares are owned by Sapphire Star. Mrs. Liu holds 49% of the issued share capital in Sapphire Star. Therefore, for the purposes of the SFO, Mrs. Liu is deemed or taken to be interested in all the shares in the Company held by Sapphire Star.
2. 49,128,000 shares in the Company are beneficially owned by Mrs. Liu and 6,904,000 shares are jointly owned by Mrs. Liu and Mr. Liu.
3. 59,808,000 shares are beneficially owned by Value Partners High-Dividend Stock Fund, which is an investment fund under management of Value Partners Group Limited and its subsidiaries.

Save as disclosed above, as at 31 March 2018, the Directors are not aware that there is any party (not being a Director) who had any interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who was, 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 any other member of the Group or any options in respect of such shares.

As disclosed in the Company's prospectus dated 19 March 2012, the Company entered into a Deed of Non-competition dated on 12 March 2012 with Mr. and Mrs. Liu, and Sapphire Star (together collectively referred to as the "**Substantial Shareholders**"). The Substantial Shareholders have signed, and the independent non-executive directors have reviewed the annual confirmations on an annual basis, in order to ensure that the Substantial Shareholders have complied with the terms of the aforesaid Deed of Non-competition.

REPORT OF THE DIRECTORS

During the year ended 31 March 2018 and up to the date of this report, none of the substantial shareholders or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

PARTICULARS OF DIRECTORS OF THE COMPANY WHO WERE DIRECTORS/ EMPLOYEES OF SUBSTANTIAL SHAREHOLDERS

Mr. Liu Tianni is the sole director of Sapphire Star which is a substantial shareholder of the Company.

SHARE OPTION SCHEME

On 7 March 2012, the Company's share option scheme (the "**Scheme**") was adopted. Details of the Company's Scheme are stated in note 27 to the consolidated financial statements. The following table sets out the movements in the Company's share options during the year:

	Date of grant	Exercisable period	Exercise price <i>HK\$</i>	Outstanding at 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2018
Employees	28.1.2014	28.7.2015 – 27.7.2020	1.174	960,000	–	(400,000)	–	560,000
	28.1.2014	28.7.2016 – 27.7.2020	1.174	1,970,000	–	(720,000)	–	1,250,000
	28.1.2014	28.7.2017 – 27.7.2020	1.174	1,320,000	–	(650,000)	–	670,000
	28.1.2014	28.7.2018 – 27.7.2020	1.174	2,640,000	–	–	(480,000)	2,160,000
	26.1.2018	27.7.2019 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000
	26.1.2018	27.7.2020 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000
	26.1.2018	27.7.2021 – 27.7.2024	1.500	–	2,100,000	–	–	2,100,000
	26.1.2018	27.7.2022 – 27.7.2024	1.500	–	4,200,000	–	–	4,200,000
Total				6,890,000	10,500,000	(1,770,000)	(480,000)	15,140,000

All share options granted to directors have either been exercised or lapsed prior to the beginning of the current financial year. No share options have been granted to the Directors during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2018 and up to the date of this report, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

REPORT OF THE DIRECTORS

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa. The principal duties of the audit committee include the review and supervision of the Group's financial reporting matters and internal controls.

The audit committee has met with management to review the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters in connection with the preparation of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 March 2018.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 24 to 30 of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules throughout the year ended 31 March 2018.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Liu Tianni
Chairman

Hong Kong, 28 June 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance practices. During the year, it had met all the code provisions in the Corporate Governance Code (the “**Code**”) set out in Appendix 14 to the Listing Rules, save and except for the following deviation:

Code provision A.2.1

Under code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The roles of both Chairman and Chief Executive Officer are performed by Mr. Liu Tianni currently. Mr. Liu is a founder of the Group and has over 20 years of experience in the financial investment sector as well as the financial public relation sector. The Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group’s business strategies currently and in the foreseeable future. The Group will nevertheless review the structure from time to time in light of the prevailing circumstances.

Code provision A.6.7

Under code provision A.6.7 of the Code, independent non-executive directors and other non-executive directors, should attend general meetings and develop a balanced understanding of the views of shareholders. Ms. Liu Lin was unable to attend the Company’s annual general meeting held on 11 August 2017 due to other business commitments.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors’ securities transactions on the same terms as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they have confirmed compliance with the required standard set out in the Model Code during the year ended 31 March 2018.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is governed by the Board which has the responsibilities of leading and supervising the management of the Company. The Directors are collectively responsible for promoting the success of the Group. As of the date of this report, the Board has five Directors, comprising two executive Directors and three are independent non-executive Directors. The biographies of all the directors as of the date of this report are set out on pages 12 and 13 of this annual report.

The Board is responsible for the management of the Company. Its key responsibilities include formulation of the overall strategies of the Group, setting targets for management and supervision of management's performance. While the Board confines itself to making broad policy decisions, it is responsible for performing corporate governance functions including reviewing of the Group's internal controls and developing programme for training and continuous professional development of directors and senior management and developing of procedures for ensuring compliance with legal and regulatory requirements. The Board held meetings from time to time when necessary. The Board has established procedures to enable directors of the Company to seek independent professional advice at the Company's expense. The Board met 4 times during the year ended 31 March 2018.

All directors actively participated in the Company's business. The attendance records of all directors for the Board meetings and annual general meeting during the year are as follows:

	Number of meetings held/attended	
	Board Meeting	Annual General Meeting
Executive Directors		
Liu Tianni (<i>Chairman and Chief Executive Officer</i>)	4/4	1/1
Liu Lin	4/4	0/1
Independent non-executive Directors		
Li Ling Xiu	4/4	1/1
Lam Yim Kei, Sally	4/4	1/1
Lee Wing Sze, Rosa	4/4	1/1

CORPORATE GOVERNANCE REPORT

The Board members have no financial, business, family or other material/relevant relationship with each other except Ms. Liu Lin is the niece of Mr. Liu Tianni, Chairman and Chief Executive Officer of the Company.

All Directors of the Company, including Mr. Liu Tianni, Ms. Liu Lin, Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally and Ms. Lee Wing Sze, Rosa, have confirmed that they have participated in training and/or continuous professional development activities. The Board has a balance of skills and experience appropriate for the requirements of the business of the Group.

The Company has arranged for insurance cover for its Directors. The insurance coverage is reviewed on an annual basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have sound academic and professional qualifications. They advise the Company on strategic developments whilst at the same time ensuring the Company is maintaining a high standard of compliance with financial and other statutory requirements. Each independent non-executive Director has given an annual confirmation of her independence to the Company. The Company considers them to be independent under Rule 3.13 of the Listing Rules. All the independent non-executive Directors are appointed for a term of three years but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the articles of association of the Company. The articles of association also stipulates that one-third of the directors, including executive and independent non-executive directors, shall retire from office by rotation and they shall be subject to retirement at least once every three years.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Remuneration Committee have been determined with reference to the Listing Rules and the Code. The Remuneration Committee met at least once during the year to discuss remuneration package of Directors of the Company. All members of the committee attended the meeting.

The responsibilities of the Remuneration Committee include (a) to make recommendations to the Board on the Company's policy and structure for all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (c) to make recommendations to the Board on the remuneration of non-executive Directors; and to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

CORPORATE GOVERNANCE REPORT

The primary goal of the remuneration on executive remuneration packages is to enable the Group to motivate executive Directors and senior management by linking their remuneration with reference to the Group's operation results, with reference to individual performances and comparable market statistics.

The principal elements of the Group's executive remuneration package include:

- basic salary;
- discretionary bonus without capping; and
- share options granted under a shareholders' approved option scheme.

NOMINATION COMMITTEE

The Nomination Committee was established on 7 March 2012 and currently has 4 members, namely Ms. Li Ling Xiu, Ms. Lam Yim Kei, Sally, Ms. Lee Wing Sze, Rosa and Mr. Liu Tianni. This committee is chaired by Ms. Li Ling Xiu.

The terms of reference of the Nomination Committee have been determined with reference to the Listing Rules and the Code. The Nomination Committee met at least once during the year to discuss the composition of the Board. All members of the committee attended the meeting.

The responsibilities of the Nomination Committee are (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships; (c) to assess the independence of independent non-executive Directors; and (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibilities for preparing the accounts of the Company. As at 31 March 2018, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going-concern basis.

The responsibilities of the external auditors on the financial statements for the year ended 31 March 2018 are set out in their report set out on pages 36 to 40.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management and internal controls are important parts among the operation and management of the Group. The Board and the management of the Company take high priority on the organization and have created an internal control mechanism consisting of three levels, the audit committee, the Compliance Department and the management of each business department:

1. the Board is responsible for setting up the risk management and internal control mechanism for the Group to ensure the core values, strategic planning and working guidelines of the Company, and convey the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. This would incorporate risk control into the operation flow and the audit committee would identify the operation risk of the internal control system on a regular basis so as to review the effectiveness of risk management and control;
2. the Compliance Department is responsible for the regular review on Company's policies and guidelines, and assists the Board to set up effective Company's policies and guidelines for risk management and internal controls in response to the internal and external changes as well as changes in regulations in order to realize a progressive, institutionalized and systematic risk management and internal controls system. Meanwhile, assessment would be independently conducted by the Compliance Department on an ongoing basis, and such assessment covers all material aspects, including legal risks, compliance controls, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Compliance Department is directly responsible to the audit committee and reports the effectiveness of the risk management and internal controls;
3. management of each of the business departments would effectively monitor and approve the workflow of each department at the business level based on different functions and divisions through various business systems, so as to enhance the efficiency of risk management, realize the closed loop management model for risk management led by self-supervision at the business level.

As at the date of the report, the Compliance Department has conducted an assessment in respect of the risk management and internal controls of the Company. The result reflects that no significant weaknesses were found in the internal control of the Company.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

For the year ended 31 March 2018, fees paid/payable to the Company's external auditors for audit services and non-audit services are set out as follows:

Service	Fee paid/payable <i>HK\$'000</i>
Audit services	1,000
Review on preliminary results announcement for the year ended 31 March 2018	10
Tax compliance	53
	1,063

AUDIT COMMITTEE

The Audit Committee was established on 7 March 2012 and currently has 3 members, comprising all three independent non-executive directors namely, Ms. Lee Wing Sze, Rosa, Ms. Li Ling Xiu and Ms. Lam Yim Kei, Sally. This committee is chaired by Ms. Lee Wing Sze, Rosa.

The terms of reference of the Audit Committee follow the Listing Rules and the Code. The Audit Committee met twice during the year to review the interim and annual results of the Group as well as the accounting principles and practices being adopted, internal control and financial reporting matters. All members of the committee attended the meetings.

The responsibilities of the Audit Committee include (a) to assist the Board in providing an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Company and its subsidiaries, overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (b) to assure that appropriate accounting principles and reporting practices are followed; (c) to be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the authorized independent auditors (the "**External Auditors**"), and to approve the remuneration and terms of engagement of the External Auditors, and any questions of its resignation or dismissal; (d) to review and monitor the External Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (e) to monitor integrity of the Company's financial statements and reports and to review significant financial reporting judgements contained in them; (f) to review the financial controls, internal control and risk management system; and (g) to review the Group's financial and accounting policies and practices.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company engages an external service provider to handle the Company secretarial affairs of the Group. During the year ended 31 March 2018, the service provider assigned Mr. Wong Yat Tung as the company secretary of the Company. Subsequent to the year end on 30 May 2018, due to the resignation of Mr. Wong Yat Tung, the service provider re-assigned Mr. Lau Kwok Yin as the company secretary of the Company. Both Mr. Wong and Mr. Lau have taken not less than 15 hours of relevant professional training during the year. Mr. Liu Tianni, the Chief Executive Officer and Chairman of the Company, is the primary contact person of the Company Secretary in the Company.

SHAREHOLDERS' RIGHTS

Shareholders convening an extraordinary general meeting and proposing resolutions

Pursuant to article 58 of the Company's Articles of Association, any one or more shareholders 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 Secretary of the Company, 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 (2) months after the deposit of such requisition. If within twenty-one (21) days 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 expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders' enquiries and proposals

The Company maintains a website at www.wsfg.hk as a communication platform with shareholders and investors, where extensive information and updates on the Company's business developments and operations, financial and other information are available for public access. Shareholders and investors may send written enquires or requests to the Company at 9/F, The Center, No. 99 Queen's Road Central, Central, Hong Kong. The company secretary and relevant personnels shall report the shareholders' enquires and concerns to the Board and/or relevant Board committees of the Company and where appropriate, respond to such enquires.

SHAREHOLDERS COMMUNICATION AND INVESTOR RELATIONS

The objective of shareholder communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for voting by poll has been read out by the chairman at the general meeting. Annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the Directors are available to at the annual general meetings to address shareholders' queries. Separate resolution was proposed on each substantially separate issue and procedures for demanding a poll in general meetings are included in circular to the shareholders to facilitate the enforcement of shareholders' rights. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the 2018 annual general meeting of the Company will be voted by poll.

During the year, there were no changes in the Company's Memorandum and Articles of Association. An up-to-date consolidated version of the Company's Memorandum and Articles of Association are available on the Company's website.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REPORTING SCOPE AND STANDARD

This is the Environmental, Social and Governance (“**ESG**”) Report prepared pursuant to the ESG Reporting Guide provided in Appendix 27 to the Listing Rules on the Stock Exchange of Hong Kong Limited. This report covers our operation in Hong Kong for the financial year end 31 March 2018 and discloses information on the Group’s ESG management approach, strategy, priorities, objectives, compliance with the relevant laws and regulations and our performance.

The Board has overall responsibility for the Group’s ESG strategy and reporting and has determined to integrate the ideas of environmental and social responsibility into the Group’s operation and management activities. The Board has reviewed and approved this ESG report.

STAKEHOLDERS ENGAGEMENT

The Group endeavours to create sustainable growth and long-term value for its stakeholders, who comprise the Group’s employees, investors, suppliers, customers, and the wider community. We continue to communicate with our stakeholders on ongoing basis in order to understand their views and collect their feedback. Our communication channels with our stakeholders include company website, annual general meeting, staff meetings, contractor meetings, direct engagement with our customers, etc.

A. ENVIRONMENTAL

The Group has introduced Green Office Initiatives (the “**Initiatives**”) to reduce the energy consumption in daily office operation and enhance the efficiency of use of resources. A summary of the Initiatives is shown as below:

- Use of multi-function photocopiers (with printing, scanning and fax functions).
- Use of most efficient travelling method.
- “Switch-off” policy for all idle equipment; encouraging employees to switch off (or onto energy-saving mode) computers, monitors and other electrical appliances at the end of the working day or other times when they are not in use.
- Maintain the office temperature at 25 degree, which reduce the usage of excess electricity energy for lighting and air-conditioning.
- Minimize the use of paper by encouraging double side printing, paper recycling.
- Promote paperless environment by encouraging the use of soft and electronic copy for the document.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. Emission – Measures to reduce carbon emission include:

The Group's business does not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity at the workplace, vehicles and business travels by employees. The discharge into water and land, and generation of hazardous and non-hazardous waste during our course of operations is minimal.

Electricity consumed by the Group's office in its normal business operation is supplied by The HK Electric Co., Ltd. The electricity consumption by the Group at its office was approximately 348,000 kWh, producing CO2 equivalent emissions of approximately 274,900 kg and an energy consumption intensity of approximately 13.7 kWh per square feet during the year.

The Group encourages employees to go paperless as much as possible by liming print outs as well as communicating electronically. Employees are also encouraged to re-use paper and conserve paper usage by printing double-sided to the extent practicable. During the year, the Group used a total of approximately 3,743 thousand of paper in its normal business operations.

During the year under review, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

2. Use of Resources

We have undertaken various resources saving measures to demonstrate our efforts in efficient use of resources in our daily operations. Employees are encouraged to optimize resources to help the Group to minimize the impact on the environment and natural resources e.g. use of public transportation. During the year, a total of approximately 10,056 litres of petrol was used for the motor vehicle.

Although non-significant amounts of water is consumed through the business activities, the Group also encourages water saving by driving water-saving habits and posting green messages in the workplace to remind the employees to use water effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. The Environmental and Natural Resources

This aspect is not applicable to the Group's operations, as the Group's environmental impact and use of natural resources is minimal.

B. SOCIAL ASPECT

1. Employment and Labour Practices

The Group offers competitive remuneration packages to our employees, with discretionary bonuses issued based on individual performance and our business performance. The Group also provides medical insurance coverage for our employees.

Our human resources practices are established to align with the applicable laws and regulations with regard to recruitment, compensation and dismissal, other benefits and welfare, promotion, working hours, equal opportunities, diversity and anti-discrimination. The Group embraces diversity and provides employees with equal opportunity. Employees are assessed and hired based on their capabilities, regardless of their age, gender, nationality, cultural background, religious belief, etc. During the financial year end 31 March 2018, the Group complied with Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) and other labour related laws and regulations.

2. Health and Safety

The Group has always placed emphases on occupational safety and has developed occupational health and safety procedures to provide a safe working environment for its employees. During the year ended 31 March 2018, the Group has complied with relevant rules and regulations, including the Occupational Safety and Health Ordinaries, as well as legislative requirements in Hong Kong.

During the year, the Group was not aware of any non-compliance with the health and safety laws and regulations.

3. Development and Training

To help nurture professional talents and to promote overall efficiency, increase the morale and loyalty of the employees, the Group provides on-the-job training, professional membership reimbursements and assists our employees in completing the training courses and fulfilling the continuous professional training hour requirement. Our employees are also encouraged to pursue work-related advanced studies and attend seminars and workshops to develop their skills.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Labour Standards

The Group is committed to protecting human rights. The Group complies with all relevant laws and regulations towards the use of forced labor and child labor in our business operations. The Group aims not to be directly or indirectly complicit in human rights abuses and to ensure that all work that is performed on our behalf is in compliance with all relevant labor laws and regulations.

5. Supply Chain Management

General disclosure

Environmental and Social Risk Management of Supply Chain

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join. The Group's Compliance Department has specially formulated this policy in order to standardise the supplier management and improve the operational standard.

The Group's Compliance Department is responsible for organising the supplier evaluation work in two ways which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve the services provided within prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taking account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. This ensures that our operations comply with national standards or relevant regulations and that we have no child or forced labor issues. The assessment results will be used as a benchmark for the continuation or termination of cooperation in the future.

The Group maintains close liaison with its suppliers to monitor its performance to ensure that it is consistent with its service commitment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. Service Responsibility

General disclosure

Service Quality

The Group is committed to provide our target clients with premium services and offer them the best solutions at competitive prices, or even meet their demands beyond their expectation. In order to provide quality service to our clients, the Group communicates with our customers and confirms their expectation and direction prior to project commencement and actively coordinated with customers in the process of providing service.

As at the year ended 31 March 2018, the Group was not aware of any incidents of non-compliance with relevant laws and regulations that have a significant impact on the issue relating to health and safety, advertising, labelling and privacy matters relating to products provided and methods of redress.

7. Anti-corruption

The Group adheres to stringent anti-corruption policies as stated in the Group's Office Manual that includes Integrity of Business Practices, ethical standard, conflicts of interest, breach of conduct, handling of confidential information and legal requirement on prevention of bribery and against corruption. The Group has adopted best practices with respect to whistle-blowing. Details of our whistle-blowing policy and procedures are published on our Company website. No cases of corruption were reported within the Group during the financial year ended 31 March 2018.

The Group has complied with relevant laws and regulations including Hong Kong's "Prevention of Bribery Ordinance". During the year ended 31 March 2018, the Group was not aware of any non-compliance with relevant laws and regulations related to anti-corruption.

8. Community Investment

The Group targets to dedicate itself to take up its corporate social responsibility for the communities where it is present. The Group has addressed its community concerns through engaging in charity donation and encouraging the employees to participate in community activities. The Group also believes that, as part of our corporate social responsibilities, institutions should do more to support and encourage young people in Hong Kong to pursue their passions and dreams. The Group has invested in startup accelerator program to support the potential startups in Hong Kong and incorporated "follow your dreams" concept into our sponsored concerts.

INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

**To the Shareholders of
Wonderful Sky Financial Group Holdings Limited**

皓天財經集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 41 to 116, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and 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 2018, 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 Auditor’s 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 AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgements, 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 matter

How our audit addressed the key audit matter

Estimated impairment loss recognised on trade receivables

We identified the estimated impairment loss recognised on trade receivables as a key audit matter due to the use of significant judgements and estimates by the management on assessing the recoverability of trade receivables.

In determining the allowance for doubtful debts, a team which is employed by the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables.

As disclosed in note 19 to the consolidated financial statements, the Group's trade receivables as at 31 March 2018 amounted to HK\$252,132,000 (net of allowance for doubtful debts of HK\$29,882,000).

Our procedures in relation to assessing the appropriateness of the estimated impairment loss recognised on trade receivables included:

- Understanding the Group's provision policy and the management's processes in assessing recoverability of each individual trade debt as well as determining the amount of impairment;
- Understanding the management's process on determination of credit limits, credit approval for customers and other monitoring procedures for recovering overdue debts;
- Testing the accuracy of the aging analysis of the trade receivables, on a sample basis, to the sales invoices;
- Tracing a selection of the subsequent settlements to the bank receipts; and
- Assessing the reasonableness of allowance for doubtful debts with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S 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 auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgements and maintain professional skepticism 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 auditor's 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 auditor's 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 those charged with governance 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.

INDEPENDENT AUDITOR'S REPORT

We also provide those charged with governance 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.

From the matters communicated with those charged with governance, 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 auditor's 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 partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Revenue	5	479,595	616,945
Direct costs		(260,231)	(278,126)
Gross profit		219,364	338,819
Other income		90,683	68,589
Selling expenses		(17,014)	(18,004)
Administrative expenses		(94,200)	(85,589)
Other gains and losses	6	(16,516)	26,434
Share of results of associates		(366)	–
Finance costs	7	(12,659)	(6,225)
Profit before taxation	8	169,292	324,024
Taxation	10	(34,586)	(52,862)
Profit for the year		134,706	271,162
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translating foreign operation		8,437	(5,919)
Fair value (loss) gain on available-for-sale investments		(41,103)	33,848
Reclassification adjustment relating to available-for-sale investments disposed of during the year		5,213	(33,214)
Other comprehensive expense for the year		(27,453)	(5,285)
Total comprehensive income for the year		107,253	265,877
Profit for the year attributable to owners of the Company		134,706	271,162
Total comprehensive income attributable to owners of the Company		107,253	265,877
Earnings per share	12		
– Basic		HK11.3 cents	HK22.7 cents
– Diluted		HK11.3 cents	HK22.7 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2018

	NOTES	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Property, plant and equipment	13	710,352	34,716
Intangible assets	14	10,006	–
Interests in associates	15	14,405	12,686
Available-for-sale investments	16	47,231	42,277
Club debenture	17	12,200	12,200
Rental deposits		–	5,104
Deferred tax asset	25	316	–
Deposits for acquisition of property, plant and equipment		5,926	7,691
		800,436	114,674
Current assets			
Work in progress	18	8,278	8,928
Accrued revenue	19	20,843	3,006
Trade and other receivables	19	264,454	284,463
Amounts due from related parties	20	4,765	3,352
Available-for-sale investments	16	1,070,551	1,282,235
Other financial assets	21	42,160	79,520
Taxation recoverable		2,009	–
Bank balances and cash	22	165,471	178,171
		1,578,531	1,839,675
Current liabilities			
Trade and other payables	23	83,352	101,384
Taxation payable		16,718	15,378
Bank borrowings	24	925,817	506,669
		1,025,887	623,431
Net current assets		552,644	1,216,244
Total assets less current liabilities		1,353,080	1,330,918
Non-current liability			
Deferred tax liability	25	1,040	402
Net assets		1,352,040	1,330,516
Capital and reserves			
Share capital	26	11,940	11,922
Reserves		1,340,100	1,318,594
Total equity		1,352,040	1,330,516

The consolidated financial statements on pages 41 to 116 were approved and authorised for issue by the Board of Directors on 28 June 2018 and are signed on its behalf by:

Liu Tianni
Director

Liu Lin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital HK\$'000	Share premium HK\$'000	Merger reserve HK\$'000 (Note i)	Capital reserve HK\$'000 (Note ii)	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2016	11,915	724,645	10	(1)	(3,559)	2,149	2,973	(11,580)	492,502	1,219,054
Profit for the year	-	-	-	-	-	-	-	-	271,162	271,162
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	(5,919)	-	(5,919)
Fair value gain on available-for-sale investments	-	-	-	-	-	-	33,848	-	-	33,848
Reclassification adjustment relating to available-for-sale investments disposed of during the year	-	-	-	-	-	-	(33,214)	-	-	(33,214)
Other comprehensive income (expense) for the year	-	-	-	-	-	-	634	(5,919)	-	(5,285)
Total comprehensive income (expense) for the year	-	-	-	-	-	-	634	(5,919)	271,162	265,877
Exercise of share options (note 26(a))	27	3,942	-	-	-	(793)	-	-	-	3,176
Share repurchased and cancelled (note 26(b))	(20)	(2,779)	-	-	(1,214)	-	-	-	-	(4,013)
Recognition of equity-settled share-based payments	-	-	-	-	-	400	-	-	-	400
Lapse of share options	-	-	-	-	-	(38)	-	-	38	-
Dividend recognised as distribution (note 11)	-	-	-	-	-	-	-	-	(153,978)	(153,978)
At 31 March 2017	11,922	725,808	10	(1)	(4,773)	1,718	3,607	(17,499)	609,724	1,330,516
Profit for the year	-	-	-	-	-	-	-	-	134,706	134,706
Exchange difference on translating foreign operation	-	-	-	-	-	-	-	8,437	-	8,437
Fair value loss on available-for-sale investments	-	-	-	-	-	-	(41,103)	-	-	(41,103)
Reclassification adjustment relating to available-for-sale investments disposed of during the year	-	-	-	-	-	-	5,213	-	-	5,213
Other comprehensive (expense) income for the year	-	-	-	-	-	-	(35,890)	8,437	-	(27,453)
Total comprehensive (expense) income for the year	-	-	-	-	-	-	(35,890)	8,437	134,706	107,253
Exercise of share options (note 26(a))	18	2,575	-	-	-	(515)	-	-	-	2,078
Recognition of equity-settled share-based payments	-	-	-	-	-	482	-	-	-	482
Lapse of share options	-	-	-	-	-	(35)	-	-	35	-
Dividend recognised as distribution (note 11)	-	-	-	-	-	-	-	-	(88,289)	(88,289)
At 31 March 2018	11,940	728,383	10	(1)	(4,773)	1,650	(32,283)	(9,062)	656,176	1,352,040

Notes:

- (i) The merger reserve of Wonderful Sky Financial Group Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) represented the difference of the nominal value of the shares of Shine Talent Holdings Limited (“**Shine Talent Holdings**”) issued in exchange for the entire share capital of Wonderful Sky Financial Group Limited (“**Wonderful Sky Financial Group**”).
- (ii) The capital reserve of the Group represented capital contribution arising from transfer of interest in a subsidiary to its shareholder.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

NOTE	2018 HK\$'000	2017 HK\$'000
Operating activities		
Profit before taxation	169,292	324,024
Adjustments for:		
Interest income from bank deposits	(1,118)	(513)
Interest expenses	12,659	6,225
Depreciation of property, plant and equipment	12,920	7,286
Impairment loss recognised on trade receivables, net	16,977	6,971
Impairment loss reversed on amount due from a related party	–	(3,076)
Investment income from available-for-sale investments	(82,728)	(50,270)
Investment income from other financial assets	(3,482)	(9,566)
Loss/(gain) on disposal of available-for-sale investments	5,213	(33,214)
Share-based payments	482	400
Share of results of associates	366	–
Foreign exchange difference on inter-company balances	3,959	(5,103)
Operating cash flows before movements in working capital	134,540	243,164
Decrease in rental deposits	–	22
Decrease in work in progress	650	8,685
Increase in accrued revenue	(17,837)	(3,006)
Decrease/(increase) in trade and other receivables	8,136	(104,212)
Decrease in trade and other payables	(18,058)	(16,515)
(Increase)/decrease in amounts due from related parties	(1,413)	2,521
Cash generated from operations	106,018	130,659
Hong Kong Profits Tax paid	(34,933)	(57,669)
Net cash from operating activities	71,085	72,990
Investing activities		
Proceeds from disposal of available-for-sale investments	2,644,000	1,363,171
Interest received from available-for-sale investments	81,053	36,853
Proceeds from redemption of other financial assets	79,760	704,770
Interest received from other financial assets	3,482	9,566
Interest received from bank deposits	1,118	513
Purchase of available-for-sale investments	(2,471,744)	(1,733,662)
Purchase of property, plant and equipment	(686,639)	(5,495)
Purchase of other financial assets	(40,120)	(389,880)
Purchase of intangible assets through acquisition of subsidiaries	(9,980)	–
Investments in unlisted entities	(2,500)	(42,277)
Investments in associates	(1,116)	(12,686)
Deposits for acquisition of property, plant and equipment	(152)	(7,691)
Net cash used in investing activities	(402,838)	(76,818)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Financing activities		
Net bank borrowings raised	419,148	192,359
Loan from a related party	406,711	–
Exercise of share options	2,078	3,176
Repayment to a related party	(406,711)	–
Dividends paid	(88,289)	(153,978)
Interest paid	(12,659)	(6,225)
Repurchase of shares	–	(4,013)
Net cash from financing activities	320,278	31,319
Net (decrease) increase in cash and cash equivalents	(11,475)	27,491
Cash and cash equivalents at beginning of the year	178,171	151,496
Effect of exchange rate changes	(1,225)	(816)
Cash and cash equivalents at end of the year, represented by bank balances and cash	165,471	178,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 January 2011 under the Companies Law of the Cayman Islands Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its ultimate holding company is Sapphire Star Investments Limited, a company with limited liability incorporated in the British Virgin Islands (“**BVI**”) and the ultimate controlling party is Mr. Liu Tianni. The address of the registered office and principal place of business of the Company is disclosed in the “Corporate Information” section of the annual report.

The principal activities of the Company are investment holding and securities investment. The principal activities of its principal subsidiaries and principal associate are set out in the notes 36 and 15, respectively.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

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

Amendments to HKAS 7 “Disclosure Initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the followings to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 30. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 30, the application of these amendments has had no impact on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

New and amendments to HKFRSs and interpretations issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretations that have been issued by the HKICPA but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 “Financial Instruments” with HKFRS 4 “Insurance Contracts” ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹

¹ Effective for annual periods beginning on or after 1 January 2018.

² Effective for annual periods beginning on or after 1 January 2019.

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

⁴ Effective for annual periods beginning on or after 1 January 2021.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

HKFRS 9 “Financial Instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“**FVTOCI**”). All other financial assets are measured at their fair value at the subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 “Financial Instruments: Recognition and Measurement”. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

HKFRS 9 “Financial Instruments” (Continued)

Based on the Group’s financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Listed debt instruments and unlisted fund securities classified as available-for-sale investments carried at fair value as disclosed in note 16: these are held within a business model whose objective is achieved both by collecting contractual cash flows and selling the listed debt instruments in the open market, and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal outstanding. Accordingly, the listed debt instruments and unlisted fund securities will continue to be subsequently measured at FVTOCI upon the application of HKFRS 9, and the fair value gains or losses accumulated in the investment revaluation reserve will continue to be subsequently reclassified to profit or loss when the listed debt instruments and unlisted fund securities are derecognised or reclassified (*except in the case of reclassifications to the amortized cost measurement category in which case the accumulated gains or losses are removed from equity and adjusted against the fair value of the financial asset at reclassification date*);
- Unlisted equity shares classified as available-for-sale investments carried at cost less impairment as disclosed in note 16: these unlisted equity shares qualified for designation as measured at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investment revaluation reserve. Upon initial application of HKFRS 9, any fair value gain relating to these unlisted equity shares would be adjusted to investment revaluation reserve as at 1 April 2018;
- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

HKFRS 9 “Financial Instruments” (Continued)

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model was to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables and amount due from related parties. Such further impairment recognised under expected credit loss model would reduce the opening accumulated profits at 1 April 2018.

HKFRS 15 “Revenue from Contracts with Customers”

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

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

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

For sales contracts that have multiple deliverables which represent separate performance obligations from services provided, revenue will be recognised for each of these performance obligations when control over the corresponding services are transferred to the customer. HKFRS 15 requires the transaction price to be allocated to the different performance obligations on a relative stand-alone selling price basis. The revenue relating to the delivered elements of the arrangement is early recognised when these elements are delivered. This will result in part of the revenue being recognised at an earlier date than current practice.

In addition, the application of HKFRS 15 in the future may result in more disclosures in the consolidated financial statements.

The directors of the Company are still in the process of assessing the full impact of the application of HKFRS 15, including the allocation of transaction price and timing of recognising revenue, on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

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. 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 Company currently presents 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 2018, the Group as lessee has non-cancellable operating lease commitments of HK\$1,135,000 as disclosed in note 29(i). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, and hence 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.

In addition, the Group currently considers refundable rental deposits paid of HK\$854,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

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 principal accounting policies set out 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 “Share-based Payment”, 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 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

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.

The principal accounting policies are set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

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

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

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

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates

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

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Change in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Service income from clients seeking initial public offering ("**IPO Clients**") is recognised when the relevant services are rendered to the relevant IPO Clients, which approximates the time when the IPO Clients are listed.

Service income from other non-routine project-based non-IPO Clients ("**non-IPO Clients**") and international roadshow clients are recognised when the relevant services are rendered to the relevant non-IPO Clients and international roadshow clients, which approximates the completion of the relevant non-routine projects or international roadshow event.

When related services have been rendered but not yet billed to the customers at the end of the reporting period, revenue is recognised in accordance with the relevant policy as set out above, with the corresponding amounts recorded as accrued revenue at the end of the reporting period. It will be transferred to invoiced amount under trade receivables once the customer is billed and invoice is issued.

Usually the Group requires sales deposits from IPO Clients and makes progress billings for services rendered. Occasionally, IPO Clients may decide to delay the listing timetable. Under such circumstances, sales deposits received by the Group of which services have yet to be rendered pending the completion of the initial public offering ("**IPO**") will be accounted for as deposits received and included in current liabilities in the consolidated statement of financial position. In rare cases, IPO Clients may decide to terminate the IPO process. Under these circumstances, sales deposits received by the Group and project-based fees for services rendered will be recognised as revenue immediately when the Group receives termination notice from the relevant IPO Clients.

For projects costs incurred at initial stage of the project of which outcome of the transaction can be estimated reliably and costs incurred expected to be recoverable, the costs incurred are deferred and recorded as work in progress. Such costs are recognised in the consolidated statement of profit or loss and other comprehensive income when the corresponding revenue is recognised upon services being rendered in the manner as discussed above.

Service income from retainer services is recognised on a straight-line basis over the term of the service period when the relevant services are rendered.

Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Investment income from available-for-sale investments and investment income from other financial assets are interest income calculated using the effective interest method and changes in foreign exchange rates, if applicable and are recognised in profit or loss.

Commission income is recognised when services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

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

Intangible assets

Intangible assets acquired separately

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

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

Club debenture

Club debenture is measured at cost less impairment loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised in profit or loss.

Work in progress

Work in progress represents cost incurred on incomplete wide range of financial public relations and international roadshow projects that comprise costs directly incurred in providing the services and attributable overheads. Work in progress is stated at lower of cost and net realisable value.

Financial instruments

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

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

Financial assets

Financial assets are classified into following categories, including financial assets at FVTPL, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

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

Financial assets at FVTPL

Financial assets are classified as FVTPL when the financial asset is designated as FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the "other income" line item. Fair value is determined in the manner described in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets

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

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period except for unquoted equity instruments whose fair value cannot be reliably measured. Changes in the carrying amount of available-for-sale debt instruments relating to interest income calculated using the effective interest method and changes in foreign exchange rates, if applicable are recognised in profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including accrued revenue, trade receivables, amounts due from related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss of financial assets below).

Interest income is recognised by applying the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

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

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

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the general credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

When an available-for-sale financial asset is considered to be impaired, accumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

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

Financial liabilities and equity instruments

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on 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 that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for 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 disposal or partial disposal of the Group's interests.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions 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 (share options reserve). At the end of each reporting period, the Group revises its estimates of the number of equity instruments that are expected to vest based on assessment of all relevant non-market vesting conditions. 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.

When share options are exercised, the amount previously recognised in share options reserve will be transferred to share capital and then share premium. When the 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 accumulated profits.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of 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 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, 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 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 is realised, based on the 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.

Current and deferred tax is recognised in profit or loss.

Leasing

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

The Group as lessee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme (“**MPF Scheme**”) and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are set out in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

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

Estimated impairment loss recognised on trade receivables

The Group makes allowance for doubtful debts based on an assessment of the recoverability of debtors. Allowances are made on trade receivables whenever there is any objective evidence that the balances may not be collectible. In determining whether an allowance for doubtful debts is required, a team which is employed by the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables. Where the actual recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and allowance for doubtful debts in the period in which such estimate has changed.

As at 31 March 2018, the carrying amount of trade receivables is HK\$252,132,000 (2017: HK\$276,614,000) (net of allowance for doubtful debts of HK\$29,882,000 (2017: HK\$12,905,000)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. The directors of the Company have a designated team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of listed bond securities which are classified as available-for-sale investments of the Group, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group will assess the valuation of financial instruments based on quoted bid prices of the previous trading day in the markets at the end of the reporting period. As mentioned above, in estimating the fair value of the Group's bond securities listed on the Stock Exchange, the Singapore Exchange Securities Trading Limited ("**SGX**") and overseas exchanges, the team will assess the fair value taking into account primarily the fair value quoted by the brokers at the end of the reporting period. For the unlisted fund securities, the Group will assess the valuation based on the quotes from the fund managers. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company. Any changes in the marketability of the listed bonds will affect the fair value of the investments.

In estimating the fair value of the Group's other financial assets, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, management of the Group will assess the valuation of other financial assets based on discounted cash flow method at the end of the reporting period. The team will exercise their judgements based on their experience to establish and determine the appropriate valuation techniques and inputs to the valuation model. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

Notes 16, 21 and 32 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of the available-for-sale investments and other financial assets of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION

The Group's operating activities consists of the provision of financial public relations services and the organisation and coordination of international roadshows. These operating segments have been identified on the basis of internal management reports that are regularly reviewed by the Chairman of the Company, who is the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance. No operating segments have been aggregated in arriving at the reportable segments of the Group.

Segment revenue and results

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

For the year ended 31 March 2018

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	371,337	108,258	479,595
Segment profit	149,076	23,400	172,476
Unallocated corporate income			96,357
Staff costs (including retirement benefit schemes contributions and share-based payments)			(40,700)
Operating lease rentals			(19,210)
Share of results of associates			(366)
Other unallocated corporate expenses			(26,606)
Finance costs			(12,659)
Profit before taxation			169,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenue and results (Continued)

For the year ended 31 March 2017

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue	513,871	103,074	616,945
Segment profit	291,008	18,627	309,635
Unallocated corporate income			101,803
Staff costs (including retirement benefit schemes contributions and share-based payments)			(39,369)
Operating lease rentals			(18,064)
Other unallocated corporate expenses			(23,756)
Finance costs			(6,225)
Profit before taxation			324,024

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of other income, central administration costs, directors' salaries, operating lease rentals, foreign exchange gain (loss), share of results of associates, gain (loss) on disposal of available-for-sale investments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

At 31 March 2018

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshows HK\$'000	Consolidated HK\$'000
Assets			
Segment assets	953,070	53,962	1,007,032
Interests in associates			14,405
Available-for-sale investments			1,117,782
Other financial assets			42,160
Club debenture			12,200
Deferred tax asset			316
Bank balances and cash			165,471
Taxation recoverable			2,009
Other unallocated assets			17,592
Total assets			2,378,967
Liabilities			
Segment liabilities	40,537	32,156	72,693
Taxation payable			16,718
Bank borrowings			925,817
Deferred tax liability			1,040
Other unallocated liabilities			10,659
Total liabilities			1,026,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

At 31 March 2017

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets			
Segment assets	278,366	48,250	326,616
Interests in associates			12,686
Available-for-sale investments			1,324,512
Other financial assets			79,520
Club debenture			12,200
Bank balances and cash			178,171
Other unallocated assets			20,644
Total assets			1,954,349
Liabilities			
Segment liabilities	48,550	37,150	85,700
Taxation payable			15,378
Bank borrowings			506,669
Deferred tax liability			402
Other unallocated liabilities			15,684
Total liabilities			623,833

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

- all assets are allocated to reportable segments except for interests in associates, available-for-sale investments, other financial assets, deposits, prepayments and other receivables, club debenture, deferred tax asset, taxation recoverable and bank balances and cash.
- all liabilities are allocated to reportable segments except for accrued administrative expenses, taxation payable, deferred tax liability and bank borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information

For the year ended 31 March 2018

	Provision of financial public relations services HK\$'000	Organisation and coordination of international roadshows HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	688,411	145	10,006	698,562
Depreciation	12,907	13	–	12,920
Impairment loss recognised on trade receivables, net	16,977	–	–	16,977
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Loss on disposal of available-for-sale investments	–	–	5,213	5,213
Investment income from available-for-sale investments	–	–	(82,728)	(82,728)
Investment income from other financial assets	–	–	(3,482)	(3,482)
Interest expenses	–	–	12,659	12,659
Income tax expenses	22,035	3,489	9,062	34,586

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

For the year ended 31 March 2017

	Provision of financial public relations services <i>HK\$'000</i>	Organisation and coordination of international roadshows <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Amounts included in the measure of segment profit or segment assets:				
Additions to non-current assets	8,389	–	–	8,389
Depreciation	7,286	–	–	7,286
Impairment loss recognised on trade receivables, net	5,884	1,087	–	6,971
Impairment loss reversed on amount due from a related party	(3,076)	–	–	(3,076)
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or segment assets:				
Gain on disposal of available-for-sale investments	–	–	(33,214)	(33,214)
Investment income from available-for-sale investments	–	–	(50,270)	(50,270)
Investment income from other financial assets	–	–	(9,566)	(9,566)
Interest expenses	–	–	6,225	6,225
Income tax expenses	37,346	2,876	12,640	52,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

More than 90% of the Group's revenue are arisen in Hong Kong, the place of domicile of the relevant group entities for both years.

The Group's non-current assets (excluding available-for-sale investments and club debenture) by geographical location of the assets are detailed below:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong	672,974	24,556
The People's Republic of China ("PRC")	37,732	35,641
Singapore	30,299	–
	741,005	60,197

Information about major customers

No individual customer accounted for over 10% of the Group's total revenue during both years.

6. OTHER GAINS AND LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Impairment loss recognised on trade receivables, net	(16,977)	(6,971)
Impairment loss reversed on amount due from a related party	–	3,076
Foreign exchange gain (loss)	5,674	(2,885)
(Loss) gain on disposal of available-for-sale investments	(5,213)	33,214
	(16,516)	26,434

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

7. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Interest on loan from a related party (<i>Note</i>)	1,198	–
Interest on bank borrowings	11,461	6,225
	12,659	6,225

Note: The loan was granted and fully repaid during the year ended 31 March 2018.

8. PROFIT BEFORE TAXATION

	2018 HK\$'000	2017 HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' and chief executive's remuneration (<i>note 9(a)</i>)	4,098	6,908
Other staff costs	82,928	82,107
Retirement benefit schemes contributions for other staff	3,203	3,919
Share-based payments for other staff	482	400
	90,711	93,334
Auditor's remuneration	1,000	930
Depreciation of property, plant and equipment	12,920	7,286
Operating lease rentals in respect of office premises	19,210	18,064
and after crediting:		
Interest income from bank deposits	1,118	513
Commission income (included in other income)	1,706	6,721
Investment income from available-for-sale investments (included in other income)	82,728	50,270
Investment income from other financial assets (included in other income)	3,482	9,566

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

	Other emoluments				Total remuneration HK\$'000
	Directors' fees HK\$'000	Salaries, allowances and other benefits in kind HK\$'000	Performance related incentive payments HK\$'000	Retirement benefit scheme contributions HK\$'000	
<i>(Note)</i>					
For the year ended 31 March 2018					
<i>Executive directors:</i>					
Mr. Liu Tianni	-	3,600	-	18	3,618
Ms. Liu Lin	120	-	-	-	120
<i>Independent non-executive directors:</i>					
Ms. Lam Yim Kei, Sally	120	-	-	-	120
Ms. Lee Wing Sze, Rosa	120	-	-	-	120
Ms. Li Ling Xiu	120	-	-	-	120
	480	3,600	-	18	4,098
For the year ended 31 March 2017					
<i>Executive directors:</i>					
Mr. Liu Tianni	-	3,600	2,800	18	6,418
Ms. Liu Lin	120	-	-	-	120
<i>Non-executive director:</i>					
Ms. Sun Bin (resigned on 30 April 2016)	10	-	-	-	10
<i>Independent non-executive directors:</i>					
Ms. Lam Yim Kei, Sally	120	-	-	-	120
Ms. Lee Wing Sze, Rosa	120	-	-	-	120
Ms. Li Ling Xiu	120	-	-	-	120
	490	3,600	2,800	18	6,908

Note: The performance related incentive payment is determined with reference to the Group's operating results, individual performances and comparable market statistics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

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

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the Group's operating results, individual performance and market statistics.

Mr. Liu Tianni is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as chief executive.

(b) Employees' emoluments

The five highest paid employees of the Group during the year included one director (2017: one director), details of whose emoluments are set out above. The emoluments of the remaining four (2017: four) highest paid employees of the Group are as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries and allowances	3,627	3,463
Performance related incentive payments (<i>Note</i>)	1,388	1,226
Retirement benefit scheme contributions	72	72
Share-based payments	85	185
	5,172	4,946

The number of highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

	2018	2017
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	1	–

Note: The performance related incentive payment is determined with reference to the Group's operating results, individual performances and comparable market statistics.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

9. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (CONTINUED)

During the year ended 31 March 2018 and 2017, no remuneration was paid by the Group to the directors and the chief executive of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director or the chief executive waived or agreed to waived any remuneration.

10. TAXATION

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong Profits Tax		
– current tax	33,821	52,941
– Under(over) provision in prior years	443	(40)
	34,264	52,901
Deferred taxation (<i>note 25</i>)	322	(39)
	34,586	52,862

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. No provision for Enterprise Income Tax has been made in the consolidated financial statements as the subsidiaries operating in the PRC incurred losses during both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

10. TAXATION (CONTINUED)

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation	169,292	324,024
Tax at the applicable tax rate of 16.5% (2017:16.5%)	27,933	53,464
Tax effect of share of results of associates	(60)	–
Tax effect of expenses not deductible for tax purposes	4,054	1,070
Tax effect of income not taxable for tax purposes	(1,113)	(442)
Tax effect of unused tax losses not recognised	3,329	1,876
Utilisation of tax losses previously not recognised	–	(3,066)
Under (over) provision in prior years	443	(40)
Taxation charge	34,586	52,862

11. DIVIDENDS

No final dividend was proposed for ordinary shareholders of the Company for the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period.

During the year ended 31 March 2018, the Company declared and paid a final dividend of HK4.9 cents per share and a special dividend of HK2.5 cent per share, totalling approximately HK\$88.3 million, in respect of the year ended 31 March 2017.

During the year ended 31 March 2017, the Company declared and paid a final dividend of HK4.3 cents per share and a special dividend of HK2.3 cent per share, totalling approximately HK\$78.6 million, in respect of the year ended 31 March 2016 and an interim dividend of HK4.2 cents per share and a special dividend of HK2.1 cents per share, totalling approximately HK\$75.2 million, in respect of the year ended 31 March 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

12. EARNINGS PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	134,706	271,162

	2018	2017
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,193,205,507	1,192,914,948
Effect of dilutive potential ordinary shares on share options	1,481,113	2,958,483
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,194,686,620	1,195,873,431

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST						
At 1 April 2016	26,935	5,636	3,622	2,940	5,612	44,745
Additions	–	276	1,735	3,393	2,985	8,389
At 31 March 2017	26,935	5,912	5,357	6,333	8,597	53,134
Additions	675,301	7,385	2,724	707	2,439	688,556
Disposals/write-off	–	(2,538)	(96)	–	–	(2,634)
At 31 March 2018	702,236	10,759	7,985	7,040	11,036	739,056
DEPRECIATION						
At 1 April 2016	269	2,948	2,108	2,709	3,098	11,132
Provided for the year	539	1,283	1,530	2,008	1,926	7,286
At 31 March 2017	808	4,231	3,638	4,717	5,024	18,418
Provided for the year	5,808	2,013	1,422	1,212	2,465	12,920
Eliminated on disposals/write-off	–	(2,538)	(96)	–	–	(2,634)
At 31 March 2018	6,616	3,706	4,964	5,929	7,489	28,704
CARRYING VALUES						
At 31 March 2018	695,620	7,053	3,021	1,111	3,547	710,352
At 31 March 2017	26,127	1,681	1,719	1,616	3,573	34,716

The costs of the leasehold land and buildings are depreciated over the shorter of the unexpired lease terms or 50 years on a straight-line basis.

The other items of property, plant and equipment are depreciated over their estimated useful lives after taking into account their estimated residual values, on a straight-line basis, at the following rates per annum.

Leasehold improvements	Over shorter of the term of leases or 30%
Furniture and fixtures	30%
Motor vehicles	30%
Computer equipment	30%

At 31 March 2018, leasehold land and building of HK\$644,711,000 (2017: nil) were pledged to bank to secure bank borrowings granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

14. INTANGIBLE ASSETS

Intangible assets are Type 9 (Asset Management) and Type 6 (Advising on Corporate Finance) licences issued by the Securities and Futures Commission which were acquired through acquisition of companies. These licences are renewable annually at minimal costs. In the opinion of the directors, the intangible assets have an indefinite useful life because they are expected to contribute net cash inflows indefinitely. The intangible assets will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

As at 31 March 2018, the directors of the Company performed an impairment assessment of the intangible assets with reference to market transactions and considered no impairment was necessary.

15. INTERESTS IN ASSOCIATES

	2018 HK\$'000	2017 HK\$'000
Unlisted investments in associates, at cost	13,802	12,686
Share of post-acquisition losses	(366)	–
Cumulative exchange difference	969	–
	14,405	12,686

Included in the cost of unlisted investments is goodwill of an amount of HK\$7,829,000 (2017: 7,072,000) arising on acquisitions of associates.

No share of result was recognised in the consolidated financial statements in the prior year as the amount was immaterial.

Details of the Group's principal associate at the end of the reporting period are as follows:

Name of associate	Place of establishment	Registered capital	Proportion of nominal value of registered capital held by the Group		Principal activities
			2018	2017	
柘西(上海)文化傳媒有限公司 ("柘西傳媒")	PRC	RMB6,250,000	20%	20%	Provision of financial public relations services in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

15. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of a material associate

Summarised financial information in respect of 柘西傳媒, the Group's material associate, is set out below.

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current assets	14,517	13,997
Non-current assets	180	26
Current liabilities	(1,440)	(2,451)
Revenue	11,757	5,041
Profit for the year	500	–

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Net assets of the associate attributable to owners	13,257	11,572
Proportion of the Group's ownership interest in 柘西傳媒	20%	20%
Goodwill	7,829	7,072
Carrying amount of the Group's interest in 柘西傳媒	10,480	9,386

The material associate is strategic to the Group's activities of the provision of financial public relations services.

Aggregate information of associates that are not individually material

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
The Group's share of loss for the year	(466)	–
Aggregate carrying amount of the Group's interests in these associates	3,925	3,300

The exchange difference arising from translation of financial information of associates which represents a gain of HK\$969,000 (2017: nil) for the year ended 31 March 2018 is recognised in other comprehensive income and accumulated in translation reserve.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments comprise:

	2018 HK\$'000	2017 HK\$'000
Listed bond securities at fair value:		
– listed on the Stock Exchange with fixed coupon interests ranging from 3.13% to 7.25% per annum (2017: 2.75% to 7.00% per annum) and maturity dates ranging from 12 December 2018 to perpetual (2017: 7 August 2017 to perpetual)	659,563	713,073
– listed on SGX with fixed coupon interests ranging from 5% to 7.75% per annum (2017: 3.00% to 9.50% per annum) and maturity dates ranging from 12 June 2018 to 4 October 2021 (2017: 17 August 2018 to perpetual)	296,365	569,162
– listed overseas with floating rate of 0.232% over the 3-month London Interbank Offered Rate and perpetual maturity	19,605	–
Unlisted fund securities at fair value (Note)	95,018	–
Current assets	1,070,551	1,282,235
Unlisted equity investments, at cost:		
– in Hong Kong	21,875	19,375
– in the PRC	25,356	22,902
Non-current assets	47,231	42,277
	1,117,782	1,324,512

Note: The unlisted fund securities represent bond mutual funds managed by financial institutions of HK\$95,018,000 (2017: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

16. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

The fair values of the listed bond securities and the unlisted fund securities are based on market bid prices and quotes from fund managers, respectively at the end of reporting period.

The unlisted equity investments represent investments in unlisted equity securities issued by private entities established in Hong Kong and the PRC, which are principally engaged in provision of financial public relations services. They are measured at cost less impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the management is of the opinion that their fair values cannot be measured reliably.

At 31 March 2018, available-for-sale investments of HK\$997,038,000 (2017: HK\$1,282,235,000) were pledged to banks to secure the margin loans and short-term banking facilities granted to the Group.

Included in available-for-sale investments are the following amounts denominated in currencies other than the functional currency of the respective group entity which it relates:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
United States dollars ("USD")	975,533	1,272,027
Renminbi ("RMB")	–	10,208

17. CLUB DEBENTURE

At 31 March 2018, the unlisted club debenture of HK\$12,200,000 (2017: HK\$12,200,000) is stated at cost less impairment at the end of the reporting period.

18. WORK IN PROGRESS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Project costs incurred and not yet billed	8,278	8,928

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19. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Accrued revenue	20,843	3,006
Trade receivables, net of allowance	252,132	276,614
Other receivables		
– Deposits	2,077	2,266
– Prepayments	1,007	1,470
– Staff advances	4,134	4,113
– Others	5,104	–
	12,322	7,849
Total trade and other receivables	264,454	284,463

Service income arising from IPO is recognised when services are rendered and is generally billed within one month from the date of listing. Service income arising from retainer services from non-IPO Clients is recognised when services are rendered and is billed monthly, quarterly or semi-annually in arrears. Service income arising from organisation and coordination of international roadshows from international roadshow clients is recognised when services are rendered and is generally billed within 30 days from the completion of the event. The Group generally grants a credit period of 30 days to its customers.

Accrued revenue represents service fees earned upon related services being rendered but not yet billed and due at the end of the reporting period.

Before accepting a new customer, the Group will internally assess the potential customer's credit quality and determine an appropriate credit limit. Management then closely monitors the outstanding balance and follow-up action is taken when debts are overdue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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19. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

The following is an aging analysis of trade receivables net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2018 HK\$'000	2017 HK\$'000
Trade receivables:		
Invoiced		
– Within 30 days	43,836	100,896
– 31 to 90 days	58,781	40,918
– 91 days to 1 year	105,683	132,389
– Over 1 year	43,832	2,411
	252,132	276,614

Included in the Group's trade receivable balance as at 31 March 2018 are debtors with aggregate carrying amount of HK\$208,296,000 (2017: HK\$175,718,000) which are past due at the end of the reporting period for which the Group has not made further provision for impairment loss on these receivable balances as they have either been subsequently settled or are due from certain major customers with no history of default and have strong financial background and good creditability. The Group does not hold any collateral over these balances.

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

	2018 HK\$'000	2017 HK\$'000
31 to 90 days	58,781	40,918
91 days to 1 year	105,683	132,389
Over 1 year	43,832	2,411
	208,296	175,718

The Group's management closely monitors the credit quality of trade receivables and considers the trade receivables that are neither past due nor impaired to be of a good credit quality with satisfactory settlement history. Based on the payment history of the IPO Clients and non-IPO Clients of the Group, trade receivables which are past due but not impaired are generally collectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

19. ACCRUED REVENUE AND TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for doubtful debts

	2018 HK\$'000	2017 HK\$'000
At 1 April	12,905	5,934
Impairment loss recognised, net	16,977	6,971
At 31 March	29,882	12,905

Included in allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of HK\$29,882,000 (2017: HK\$12,905,000). In determining the allowance for doubtful debts, a team which is employed by the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables. Specific allowance is only made for trade receivables that are unlikely to be collected.

Included in trade and other receivables are the following amounts denominated in currencies other than the functional currency of the respective group entity which it relates:

	2018 HK\$'000	2017 HK\$'000
RMB	9,164	21,648
USD	2,086	–

20. AMOUNTS DUE FROM RELATED PARTIES

Particulars of the amounts due from related parties, net of allowance for doubtful debts, are disclosed as follows:

	2018 HK\$'000	2017 HK\$'000
Qingling Motors Company Limited (“ Qingling Motors ”)	–	268
Luoyang Glass Company Limited (“ Luoyang Glass ”)	3,846	2,413
Draw Up Assets Limited (“ Draw Up Assets ”)	919	671
	4,765	3,352

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

20. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

Mr. Liu Tianni, the controlling shareholder and director of the Company, is a director and a member of key management of Qingling Motors, Luoyang Glass and Draw Up Assets for both years.

Included in amounts due from related parties is a balance of HK\$3,846,000 (2017: HK\$2,681,000), which is trade in nature and represents receivable from the provision of financial public relations services to non-IPO Clients. The Group allows a credit period of 30 days to the related parties. The remaining amounts due from related parties are unsecured, interest-free and repayable on demand.

The following is an aging analysis of amounts due from related parties of trade nature net of allowance for doubtful debts presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2018 HK\$'000	2017 HK\$'000
Within 30 days	418	709
31 to 90 days	124	164
91 days to 1 year	3,304	1,808
	3,846	2,681

The following is an aging analysis of the amounts due from related parties of trade nature and past due but not impaired at the end of the reporting period:

	2018 HK\$'000	2017 HK\$'000
31 to 90 days	124	164
91 days to 1 year	3,304	1,808
	3,428	1,972

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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20. AMOUNTS DUE FROM RELATED PARTIES (CONTINUED)

Movement in the allowance for doubtful debts on amounts due from related parties

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
At 1 April	–	3,076
Impairment loss reversed	–	(3,076)
At 31 March	–	–

21. OTHER FINANCIAL ASSETS

At 31 March 2018, the Group's other financial assets represent financial products issued by banks in the PRC, with maturity of 30 days to 60 days (2017: 60 days to 91 days) and expected but not guaranteed returns ranging from 3.1% to 4.5% per annum (2017: 3.1% to 4.2% per annum), depending on the performance of its underlying investments, including foreign currencies or interest rate linked products, investment funds, bonds and debentures. The investments in financial products are classified as financial assets at FVTPL at initial recognition and measured at fair value at the end of the reporting period. The directors of the Company consider the fair values of the financial products approximate to the carrying amounts as at 31 March 2018 because of their short maturities.

Included in other financial assets is the following amount which is denominated in a currency other than the functional currency of the respective group entity which it relates:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
RMB	42,160	79,520

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

22. BANK BALANCES AND CASH

Bank balances at 31 March 2018 included fixed deposits of HK\$1,000,000 (2017: HK\$20,000,000) with maturity of less than three months which carry interest at prevailing market rates ranging from 0.01% to 0.35% (2017: 0.01% to 0.35%) per annum.

Included in bank balances and cash at 31 March 2018 were pledged bank deposits of HK\$107,954,000 (2017: HK\$189,000) which are pledged to banks to secure the bank borrowings granted to the Group. The pledged bank deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Pledged bank deposits as at 31 March 2018 of HK\$107,954,000 is subsequently transferred to an unsecured bank account shortly after the end of the reporting period.

Included in bank balances and cash are the following amounts which are denominated in currencies other than the functional currency of the respective group entities which they relate:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
RMB	1,922	11,654
USD	5,795	2,747
Great Britain Pound ("GBP")	26	301

23. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	36,884	47,414
Deposits received from customers	30,378	29,077
Salaries payable	7,948	13,947
Accrued expenses	5,219	8,743
Other payables	2,923	2,203
	46,468	53,970
Total trade and other payables	83,352	101,384

The average credit period on purchase from suppliers is from 30 to 60 days.

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FOR THE YEAR ENDED 31 MARCH 2018

23. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aging analysis of trade payables based on the invoice dates at the end of the reporting period:

	2018 HK\$'000	2017 HK\$'000
Trade payables:		
Invoiced		
– Within 30 days	8,887	26,744
– 31 to 60 days	4,404	1,071
– 61 to 90 days	4,287	2,330
– 91 days to 1 year	7,728	7,002
– Over 1 year	11,578	10,267
	36,884	47,414

Included in trade and other payables is the following amount which is denominated in a currency other than the functional currency of the respective group entity:

	2018 HK\$'000	2017 HK\$'000
RMB	–	213

24. BANK BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Secured and variable-rate bank loans	925,817	506,669
The carrying amounts of the above bank borrowings are repayable*:		
Within one year	756,524	506,669
Within a period of more than one year but not exceeding two years	7,614	–
Within a period of more than two years but not exceeding five years	23,686	–
Within a period of more than five years	137,993	–
	925,817	506,669

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

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FOR THE YEAR ENDED 31 MARCH 2018

24. BANK BORROWINGS (CONTINUED)

	2018 HK\$'000	2017 HK\$'000
The carrying amounts of bank borrowings due within one year (including those loans with repayment on demand clause) shown under current liabilities	925,817	506,669

The bank borrowings bear interests ranging from 0.32% to 1.16% (2017: 0.50% to 0.60%) per annum plus cost of funds of the lender.

The range of effective interest rates (which are also the contracted interest rates) charged on the Group's borrowings for the year is as follows:

	2018	2017
Effective interest rates:		
Variable-rate borrowings	0.97% to 2.44%	0.97% to 2.43%

At 31 March 2018, the bank borrowings were secured by certain available-for-sale investments of HK\$997,038,000 (2017: HK\$1,282,235,000), bank balances and cash of HK\$107,954,000 (2017: HK\$189,000) and leasehold land and building of HK\$644,711,000 (2017: nil).

Included in bank borrowings is the following amount denominated in a currency other than the functional currency of the respective group entity which it relates:

	2018 HK\$'000	2017 HK\$'000
USD	-	288,233

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

25. DEFERRED TAX ASSET (LIABILITY)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax asset and liability have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Deferred tax asset	316	–
Deferred tax liability	(1,040)	(402)
	(724)	(402)

The following is the deferred tax liability recognised and its movements during both years:

	Accelerated tax depreciation <i>HK\$'000</i>
At 1 April 2016	441
Credited to profit or loss (<i>note 10</i>)	(39)
At 31 March 2017	402
Charged to profit or loss (<i>note 10</i>)	322
At 31 March 2018	724

At the end of the reporting period, the Group has unused tax losses of HK\$52,752,000 (2017: HK\$32,575,000) available to offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of the future profit streams. The tax losses will expire 5 years from the year of origination.

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FOR THE YEAR ENDED 31 MARCH 2018

26. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 April 2016, 31 March 2017 and 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
At 1 April 2016	1,191,513,000	11,915
Exercise of share options (<i>Note a</i>)	2,705,000	27
Shares repurchased and cancelled (<i>Note b</i>)	(2,014,000)	(20)
At 31 March 2017	1,192,204,000	11,922
Exercise of share options (<i>Note a</i>)	1,770,000	18
At 31 March 2018	1,193,974,000	11,940

Notes:

- (a) During the year ended 31 March 2018, 1,770,000 (2017: 2,705,000) shares of HK\$0.01 each were issued at HK\$1.174 per share upon exercise of the share options under the share option scheme of the Company (the "**Share Option Scheme**") by share option holders and all these shares rank pari passu with other shares of the Company in all respects.
- (b) During the year ended 31 March 2017, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	No. of shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
February 2017	2,014,000	2.03	1.96	4,013

The above shares were cancelled upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

27. SHARE-BASED PAYMENT TRANSACTIONS

The Share Option Scheme of the Company was adopted pursuant to a resolution in writing of the sole shareholder passed on 7 March 2012. The purposes of the Share Option Scheme is to enable the Group to grant options to full-time or part-time employees, directors (whether executive or non-executive), supplier, customer, joint venture partner, business associates and advisor (professional or otherwise) of the Company as incentives or rewards for their contribution to the Group. The Share Option Scheme became effective on 7 March 2012 (the “**Effective Date**”), subject to earlier termination by the directors and approved in advance by the shareholders in a general meeting. The Share Option Scheme shall be valid and effecting for a period commencing from the Effective Date.

At 31 March 2018, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 15,140,000 (2017: 6,890,000), representing 1.27% (2017: 0.58%) of the shares of the Company in issue at that date. The total number of shares of the Company available for issue under the Share Option Scheme must not in aggregate exceeds 30% of the issued share capital of the Company from time to time.

The maximum number of shares issuable upon exercise of the options which may be granted under the Share Option Scheme (including exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates (as defined under the Listing Rules), are subject to approval in advance by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, (as defined under the Listing Rules) in excess of 0.1% of the shares of the Company in issue with an aggregate value (based on the closing price of the Company’s shares at the date of the grant) in excess of HK\$5,000,000, in the 12-month period up to and including the date of grant, are subject to shareholders’ approval in a general meeting.

Options granted must be accepted in writing within 28 days from the date of grant upon payment of a nominal consideration of HK\$1 by the grantee. The exercise period for the share options granted is determined by the directors of the Company, which period may commence from the date of acceptance of the offer for the grant of share options but shall end, in any event, not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The following table sets out the movements in the Company's share options held by the employees of the Group during both years:

Date of grant	Exercisable period	Exercise price HK\$	Outstanding at 1.4.2016	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2017	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31.3.2018
<i>Employees:</i>										
28.1.2014	28.7.2015 – 27.7.2020	1.174	1,473,000	(513,000)	–	960,000	–	(400,000)	–	560,000
28.1.2014	28.7.2016 – 27.7.2020	1.174	4,442,000	(2,192,000)	(280,000)	1,970,000	–	(720,000)	–	1,250,000
28.1.2014	28.7.2017 – 27.7.2020	1.174	1,320,000	–	–	1,320,000	–	(650,000)	–	670,000
28.1.2014	28.7.2018 – 27.7.2020	1.174	2,640,000	–	–	2,640,000	–	–	(480,000)	2,160,000
26.1.2018	27.7.2019 – 27.7.2024	1.500	–	–	–	–	2,100,000	–	–	2,100,000
26.1.2018	27.7.2020 – 27.7.2024	1.500	–	–	–	–	2,100,000	–	–	2,100,000
26.1.2018	27.7.2021 – 27.7.2024	1.500	–	–	–	–	2,100,000	–	–	2,100,000
26.1.2018	27.7.2022 – 27.7.2024	1.500	–	–	–	–	4,200,000	–	–	4,200,000
			9,875,000	(2,705,000)	(280,000)	6,890,000	10,500,000	(1,770,000)	(480,000)	15,140,000

Note: The vesting period ends on the date when the exercisable period of the share options begins.

In respect of share options exercised during the year, the weighted average share price at the date of exercise is HK\$1.47 (2017: HK\$2.00).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

During the year ended 31 March 2018, 10,500,000 options were granted on 26 January 2018. The estimated fair value of the options granted on that date was HK\$6,088,000 (2017: nil).

The fair value was calculated using the Binomial model. The inputs into the model were as follows:

Grant date	26.1.2018
Share price (HK\$)	HK\$1.5
Exercise price (HK\$)	HK\$1.5
Expected volatility	40.27%
Expected life (years)	6
Risk-free rate	1.8%
Expected dividend yield	0.0%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Change in the subjective input may materially affect the fair value estimates.

The Group recognised the share-based payments of HK\$482,000 (2017: HK\$400,000) for the year ended 31 March 2018 in relation to share options granted by the Company.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in the computing the fair value of the share options is based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. RETIREMENT BENEFITS PLAN

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes the lower of 5% of the relevant payroll costs, with maximum of HK\$1,500 per employee per month, to the MPF Scheme, which contribution is matched by employees.

Employees of a subsidiary in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The subsidiary is required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the state-managed retirement benefits schemes is to make the required contributions.

The total contribution to the retirement benefits schemes charged to the consolidated statement of profit or loss and other comprehensive income during the year is HK\$3,221,000 (2017: HK\$3,937,000).

29. COMMITMENTS

(i) Operating lease commitments

The Group as lessee

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

	2018 HK\$'000	2017 HK\$'000
Within one year	1,135	15,083
In the second to fifth year inclusive	–	748
	1,135	15,831

At 31 March 2018, included in operating lease commitment within one year is rental payable by the Group to a director of the Company amounting to HK\$384,000 (2017: nil).

Operating lease payments represent rentals payable by the Group for the office premises. Leases are negotiated for an average term of one year (2017: two years) and rentals are fixed.

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29. COMMITMENTS (CONTINUED)

(ii) Capital commitment

	2018 HK\$'000	2017 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	11,503	27,670

30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Dividend payable HK\$'000	Interest payable HK\$'000	Bank borrowings HK\$'000	Total HK\$'000
At 1 April 2017	–	–	506,669	506,669
Financing cash flows (<i>Note</i>)	(88,289)	(12,659)	419,148	318,200
Dividend declared	88,289	–	–	88,289
Interest expenses	–	12,659	–	12,659
At 31 March 2018	–	–	925,817	925,817

Note: The financing cash flows represented the bank loans raised, repayments of bank loans and payment of dividend and finance costs.

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31. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, which includes the bank borrowings disclosed in note 24, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, other reserves and accumulated profits.

Management reviews the Group's capital structure regularly. The directors consider the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Financial assets		
Loans and receivables (including cash and cash equivalents)	448,315	461,143
Available-for-sale investments	1,117,782	1,324,512
Other financial assets	42,160	79,520
Financial liabilities		
Amortised cost	970,649	568,030

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32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies

The Group's financial instruments include accrued revenue, trade receivables, amounts due from related parties, available-for-sale investments, other financial assets, bank balances and cash, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management reviews and approves operation policies to ensure appropriate measures are implemented on a timely and effective manner to manage and monitor these risk exposures.

Other price risk

For available-for-sale investments, the management monitors market price exposure and will consider hedging significant market price exposure should the need arise.

The sensitivity analyses below have been determined based on the exposure to other price risk on available-for-sale investments at the end of the reporting period. If the market bid price on such listed debt securities had been 5% higher or lower, the potential effect on investment revaluation reserve would increase or decrease by HK\$48,777,000 (2017: HK\$64,112,000) arising from the available-for-sale investments.

Interest rate risk

The Group is exposed to cash flow interest rate risk on its floating-rate listed bond securities, bank balances and bank borrowings (see notes 16, 22 and 24 for details of these balances). The Group currently does not have a policy on cash flow hedges of interest rate risk. However, interest rate risk is daily managed by management and they will consider hedging significant interest rate risk should the need arise.

The Group also exposed to fair value interest rate risk on its fixed deposits and fixed-rate listed bond securities which have fixed coupon interests (see note 16 for details of these listed bond securities). However, management considers that the fair value interest rate risk on fixed deposits is insignificant as the fixed deposits have short maturity period. Interest rate risk is daily managed by management and they will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bank borrowings. The analysis is prepared assuming that the amount of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole year. 50 basis points increase or decrease represents management's assessment of the reasonable and possible change in interest rates. No sensitivity analysis is presented for bank balances and floating-rate listed bond securities as the directors of the Company considered the Group's exposure to cash flow interest rate risk is not material.

If the interest rates on bank borrowings had increased or decreased by 50 basis points and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2018 would decrease/increase by HK\$3,865,000 (2017: HK\$2,115,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Foreign currency risk

The carrying amounts of the Group's monetary assets and liabilities denominated in currencies other than the respective group entities' functional currencies at the end of the reporting period are as follows:

	Assets		Liabilities	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
RMB	53,246	123,030	–	213
USD	983,414	1,274,774	–	288,233
GBP	26	301	–	–

The Group is exposed to the foreign currency risk of RMB, USD and GBP. Under the pegged exchange rate system, the financial impact on exchange difference between HK\$ and USD will be immaterial as most of the USD denominated monetary assets and liabilities are held by group entities having HK\$ as their functional currency, and therefore no sensitivity analysis has been prepared. For GBP exposure, no sensitivity analysis has been prepared as the amount involved is insignificant.

The sensitivity analysis below details the Group's sensitivity to a 5% increase and decrease in HK\$ against RMB. 5% is the sensitivity rate used which represents management's assessment of the reasonable and possible change in the foreign currency rate. The sensitivity analysis includes the Group's monetary assets and monetary liabilities denominated in RMB. A negative number indicates a decrease in post-tax profit for the year when HK\$ strengthens 5% against RMB. For a 5% weakening of HK\$ against RMB, there would be an equal but opposite impact on the post-tax profit for the year.

	2018 HK\$'000	2017 HK\$'000
RMB	(2,223)	(5,128)

In the opinion of management, the sensitivity analysis is not representative of the inherent foreign currency risk as the year end exposures do not reflect the exposures during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Credit risk

As at 31 March 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, management of the Group has employed a team that is responsible for the determination of credit limits and credit approval and other monitoring procedures. In addition, management reviews the recoverable amount of each individual debt and accrued revenue regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is adequately monitored.

The Group has concentration of credit risk on amounts due from related parties as at 31 March 2018 and 2017. Management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Credit risk exposure on liquid funds is limited because the Group's bank balances are deposited with reputable banks in Hong Kong and the PRC.

Liquidity risk

The Group maintains a level of cash and cash equivalents that it considers adequate to finance the Group's operations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayable on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

The table includes both interest and principal cash flows. To the extent that interest rates are floating rates, the interest payments (undiscounted) is calculated based on from interest rate prevailing at the end of the reporting period.

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amounts HK\$'000
As at 31 March 2018				
Trade and other payables	N/A	44,832	44,832	44,832
Bank borrowings	1.24	925,817	925,817	925,817
		970,649	970,649	970,649
As at 31 March 2017				
Trade and other payables	N/A	61,361	61,361	61,361
Bank borrowings	1.18	506,669	506,669	506,669
		568,030	568,030	568,030

Bank borrowings with a repayment on demand clause are included in the “repayable on demand or within 1 year” time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK\$925,817,000 (2017: HK\$506,669,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights demand immediate repayment. The directors of the Company believe that such bank loans will be repaid within 1–20 years (2017: 1 year) after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest payments amount to HK\$959,799,000 (2017: 507,119,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's variable rate bank loans based on the scheduled repayment dates set out in the loan agreement as set out in the table below:

	Weighted average interest rate %	Repayable on demand or within 1 year HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
As at 31 March 2018	1.24	759,906	10,614	31,842	157,437	959,799	925,817
As at 31 March 2017	1.18	507,119	-	-	-	507,119	506,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	Fair value as at 31 March		Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to the fair value
	2018 HK\$'000	2017 HK\$'000				
Listed bond securities classified as available-for-sale investments in the consolidated statement of financial position (see note 16)	975,533	1,282,235	Level 2	Quoted bid prices in the markets	N/A	N/A
Unlisted fund securities classified as available-for-sale investments in the consolidated statement of financial position (see note 16)	95,018	–	Level 3	Redemption price (Note)	N/A	N/A
Other financial assets (see note 21)	42,160	79,520	Level 3	Discounted cash flow	Discount rate Maturity period	The higher the discount rate, the lower the fair value. The longer the maturity period, the higher the fair value.

Note: The fair value of unlisted fund securities is established by making reference to the redemption price quoted by respective fund managers.

The fair values of the financial assets included in the level 3 categories have been determined in accordance with generally accepted pricing models based on their discounted cash flow.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

32. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurements of financial instruments (Continued)

Reconciliation of Level 3 fair value measurements

	Unlisted fund securities classified as available-for- sale investments <i>HK\$'000</i>	Other financial assets <i>HK\$'000</i>
At 1 April 2016	–	394,410
Purchases	–	389,880
Disposals	–	(704,770)
At 31 March 2017	–	79,520
Purchases	95,018	40,120
Disposals	–	(79,760)
Exchange realignment	–	2,280
At 31 March 2018	95,018	42,160

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their corresponding fair values.

There was no transfer among different levels of the fair value hierarchy for both years.

33. PLEDGE OF ASSETS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Leasehold land and building	644,711	–
Available-for-sale investments	997,038	1,282,235
Bank balances and cash	107,954	189
	1,749,703	1,282,424

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

34. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following related party transactions:

	2018 HK\$'000	2017 HK\$'000
Financial public relations service income from Qingling Motors	69	335
Financial public relations service income from Luoyang Glass	3,875	2,067
Rental expenses paid to a director of the Company	129	–
Rental expenses paid to a related party (<i>Note</i>)	2,840	2,792
Salaries and allowances paid to related parties (<i>Note</i>)	1,228	1,180
Interest expense paid to a related party (<i>Note</i>)	1,198	–

On 30 September 2017, the Group acquired a subsidiary, Delta Consultancy Group Company Limited ("**Delta Consultancy**") from a related party (*Note*) at a consideration of HK\$15.5. At date of acquisition, the net asset value of Delta Consultancy was nil.

Note: These related parties are close family members of Mr. Liu Tianni, the controlling shareholder and director of the Company.

Compensation of key management personnel

The remuneration of directors and other member of key management during the year is as follows:

	2018 HK\$'000	2017 HK\$'000
Salaries and allowances	7,227	7,063
Performance related incentive payments	1,388	4,026
Retirement benefit scheme contributions	90	90
Share-based payments	85	185
	8,790	11,364

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

35. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 25 August 2017, the Group and an independent third party, entered into a share transfer agreement, pursuant to which the Group acquired 100% equity interests of Golden Jade Securities Limited, Golden Jade Capital Limited and Golden Jade Asset Management Limited, which hold Type 9 (Asset Management) and Type 6 (Advising on Corporate Finance) licences issued by the Securities and Futures Commission, with a total consideration of HK\$10,157,000.

Net identifiable assets of the subsidiaries acquired:

	<i>HK\$'000</i>
Intangible assets (<i>note 14</i>)	10,006
Bank balances and cash	177
Other payables	(26)
	<hr/> 10,157

Consideration transferred, satisfied by:

	<i>HK\$'000</i>
Cash consideration paid	10,157
Less: Net assets acquired	(10,157)
	<hr/> –

Analysis of net outflow of cash and cash equivalent in respect of acquisition of of the subsidiaries:

	<i>HK\$'000</i>
Cash consideration paid	(10,157)
Cash and bank balances acquired	177
	<hr/> (9,980)

In the opinion of the directors, the acquisition of these companies does not constitute a business. Therefore, the transactions were determined by the directors of the Company to be acquisition of assets and liabilities through acquisition of subsidiaries rather than a business combination as defined in HKFRS 3 (Revised) "Business Combinations".

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the principal subsidiaries held by the Company at 31 March 2018 and 2017 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operations	Issued and fully paid share capital/ registered capital	Equity interest attributable to the Group as at 31 March		Principal activities
				2018 %	2017 %	
Alpha Financial Press Limited	Hong Kong 17 December 2014	Hong Kong	US\$1	100	100	Provision of financial printing services in Hong Kong
Delta Consultancy	BVI 17 February 2005	Hong Kong	US\$2	100 (Note)	–	Property holding
Fortunate Idea Holdings Limited	BVI 13 February 2015	Hong Kong	US\$1	100	100	Investment holding and securities investments
IR Global Roadshow Limited	BVI 15 September 2010	Hong Kong	US\$50,000	100	100	Organisation and coordination of international roadshow
Shine Talent Holdings*	BVI 11 November 2010	Hong Kong	US\$2	100	100	Investment holding
Wonderful Sky Financial Group	Hong Kong 1 August 2006	Hong Kong	HK\$10,000	100	100	Provision of financial public relations services in Hong Kong
皓天策略投資顧問(北京)有限公司#	PRC 13 September 2012	PRC	HK\$5,000,000	100	100	Provision of financial public relations services in the PRC

* Directly held by the Company

The company was established in the PRC in form of wholly foreign-owned enterprise.

Note: The Company was acquired during the year ended 31 March 2018. Details are set out in Note 34.

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. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities during the year and at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK\$'000	2017 HK\$'000
Non-current assets		
Investments in subsidiaries	–	–
Amount due from a subsidiary	358,758	177,115
Club debenture	12,200	12,200
	370,958	189,315
Current assets		
Other receivables	–	1,000
Available-for-sale investments	680,622	1,050,149
Amounts due from subsidiaries	326,037	580,000
Taxation recoverable	2,009	–
Bank balances and cash	108,646	5,698
	1,117,314	1,636,847
Current liabilities		
Other payables	736	535
Amounts due to subsidiaries	34,717	462,486
Taxation payable	–	4,920
Bank borrowings	623,815	464,306
	659,268	932,247
Net current assets	458,046	704,600
Net assets	829,004	893,915
Capital and reserves		
Share capital	11,940	11,922
Reserves (<i>Note</i>)	817,064	881,993
Total equity	829,004	893,915

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 April 2016	724,645	(3,559)	2,149	2,973	157,974	884,182
Profit for the year	-	-	-	-	152,237	152,237
Fair value gain on available-for-sale investments	-	-	-	27,004	-	27,004
Reclassification adjustment relating to available-for-sale investments disposed of during the year	-	-	-	(27,008)	-	(27,008)
Other comprehensive expense for the year	-	-	-	(4)	-	(4)
Total comprehensive (expense) income for the year	-	-	-	(4)	152,237	152,233
Exercise of share options	3,942	-	(793)	-	-	3,149
Share repurchased and cancelled	(2,779)	(1,214)	-	-	-	(3,993)
Recognition of equity-settled share-based payments	-	-	400	-	-	400
Lapse of share options	-	-	(38)	-	38	-
Dividend recognised as distribution	-	-	-	-	(153,978)	(153,978)
At 31 March 2017	725,808	(4,773)	1,718	2,969	156,271	881,993

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note: (Continued)

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
Profit for the year	-	-	-	-	44,258	44,258
Fair value loss on available-for-sale investments	-	-	-	(24,057)	-	(24,057)
Reclassification adjustment relating to available for sale investments disposed of during the year	-	-	-	617	-	617
Other comprehensive expense for the year	-	-	-	(23,440)	-	(23,440)
Total comprehensive (expense) income for the year	-	-	-	(23,440)	44,258	20,818
Exercise of share options	2,575	-	(515)	-	-	2,060
Recognition of equity-settled share-based payments	-	-	482	-	-	482
Lapse of share options	-	-	(35)	-	35	-
Dividend recognised as distribution	-	-	-	-	(88,289)	(88,289)
At 31 March 2018	728,383	(4,773)	1,650	(20,471)	112,275	817,064