

# CL GROUP (HOLDINGS) LIMITED 昌利(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8098



**2017**  
Annual Report

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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



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# CORPORATE INFORMATION

## **DIRECTORS**

### **Non-executive Director**

Mr. Alexis Ventouras (*Chairman*)

### **Executive Directors**

Mr. Kwok Kin Chung (*Chief Executive Officer*)

Mr. Lau Kin Hon

Ms. Yu Linda

### **Independent Non-executive Directors**

Mr. Au-Yeung Tai Hong Rorce

Mr. Chiu Wai Keung

Mr. Poon Wing Chuen

## **AUTHORISED REPRESENTATIVES**

Mr. Lau Kin Hon

Mr. Yeung Ming Kong Kenneth

## **AUDIT COMMITTEE MEMBERS**

Mr. Poon Wing Chuen (*Chairman*)

Mr. Au-Yeung Tai Hong Rorce

Mr. Chiu Wai Keung

## **NOMINATION COMMITTEE MEMBERS**

Mr. Chiu Wai Keung (*Chairman*)

Mr. Kwok Kin Chung

Mr. Poon Wing Chuen

## **REMUNERATION COMMITTEE MEMBERS**

Mr. Au-Yeung Tai Hong Rorce (*Chairman*)

Mr. Lau Kin Hon

Mr. Poon Wing Chuen

## **COMPLIANCE OFFICER**

Lau Kin Hon, *Practicing solicitor in Hong Kong*

## **COMPANY SECRETARY**

Yeung Ming Kong Kenneth *FCCA, CPA*

## **AUDITOR**

HLM CPA Limited

*Certified Public Accountants*

## **REGISTERED OFFICE**

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## **HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 16B, 16/F

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai, Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Codan Trust Company (Cayman) Limited

Cricket Square, Hutchins Drive

P.O. Box 2681

Grand Cayman, KY1-1111

Cayman Islands

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

## **PRINCIPAL BANKERS**

Bank of Communications

China CITIC Bank International

China Construction Bank (Asia)

Dah Sing Bank

OCBC Wing Hang Bank

Shanghai Commercial Bank

Standard Chartered Bank

## **STOCK CODE**

8098

## **WEBSITE OF THE COMPANY**

[www.cheonglesec.com.hk](http://www.cheonglesec.com.hk)

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to all shareholders the annual results of CL Group (Holdings) Limited (the "Company", with its subsidiaries, the "Group") for the year of 2016/17.

While external factors causing market volatility, such as the unexpected outcomes of the BREXIT vote and the Trump presidency, surprisingly, from July 2016 market sentiment improved raising the Hang Seng Index rose to 24,112 in March 2017 — an increase of 16.1%.

In the financial year of 2016/17, the Group recorded total revenue and investment income of approximately HK\$75.6 million, representing an increase of approximately 25.2% compared to the previous financial year. Profit attributable to the owners of the Company in financial year of 2016/17 amounted to approximately HK\$42.7 million. The Group continuously maintained a balanced investment portfolio by holding a variety of fixed income investments — corporate bonds and income rights from a photovoltaic power plant, located in the People's Republic of China (the "PRC"). During the year under review, the Group received an amount of approximately RMB2 million, thereby improving its portfolio position. As of March 31, 2017, the value of the Group's investment portfolio was approximately HK\$77.6 million as compared to the previous financial year of approximately HK\$46.4 million.

Our diversified revenue streams encompass both interest income (accounting for 57.3% of revenue) and non-interest income in the form of commissions, fees and other revenues. Despite uncertainties over economic growth, the Group is continuously focusing its efforts by expanding its business by broadening the customer base and strengthening our trading platform. In addition to delivering sustained income and balanced growth, the Group is also committed to the community by fulfilling its social responsibilities.

With the joint efforts of the Board, management and staff, we are confident that we will continue to achieve substantial gains for our shareholders as planning for continuous expansion of our core business and exploring new opportunities.

On behalf of the Board, I would like to take this opportunity to thank the shareholders, customers and business partners for their trust in and continuous support to the Group over the years. We will continue to explore new business ventures in the challenging year ahead and strive for the best returns for our shareholders.

Moreover, I would also like to thank all staff for their tremendous effort and contribution. With a focused senior management and professional team, I believe the Group will succeed in achieving our business goals. As the Company's application for transferring the listing of its shares from the GEM Board to the Main Board on 20 February 2017, we are moving ahead to bring greater development to the Group.

**Alexis Ventouras**

*Chairman*

Hong Kong, 27 June 2017

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

The year of 2016 was full of surprises and uncertainties, with the Brexit vote result in June 2016, Donald Trump winning the United States Presidential Election, the economic slowdown in the PRC and the pressure of the weakening yuan, however, the market stay volatile, Hang Seng Index rose to the highest of 24,657 at 21 March 2017 from the lowest of 19,594 at 13 May 2016.

As at 31 March 2017, the Hang Seng Index recorded as 24,112, representing approximately 16.1% increase as compared with 20,777 as at 31 March 2016.

The total value of transactions of the Hong Kong stock market for the year ended 31 March 2017 decreased by approximately 33.2% as compared with the year ended 31 March 2016. The average daily value of transactions was approximately HK\$66.9 billion.

## BUSINESS REVIEW

### Revenue

The Group's total revenue and investment income for the year was approximately HK\$75.6 million, as compared with 2016 of approximately HK\$60.3 million, increased by approximately 25.2% or approximately HK\$15.3 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2017		Year ended 31 March 2016		Increase/ (decrease)
	HK\$	%	HK\$	%	%
<b>Revenue</b>					
Commission and brokerage fees from securities dealings on the Stock Exchange	7,313,179	11.4%	8,261,991	12.6%	(11.5%)
Placing and underwriting commission	13,192,744	20.5%	14,710,587	22.5%	(10.3%)
Commission and brokerage fees from dealing in futures contracts	216,862	0.3%	183,797	0.3%	18.0%
Commission from securities advisory services	1,700,000	2.6%	600,000	0.9%	183.3%
Other service income	102,121	0.2%	24,869	0.1%	310.6%
Clearing and settlement fee	2,018,771	3.1%	3,898,352	6.0%	(48.2%)
Handling service and dividend collection fees	349,668	0.5%	783,909	1.2%	(55.4%)
Interest income from					
— clients (including margin clients)	31,965,942	49.6%	31,441,127	48.1%	1.7%
— authorised financial institutions	110,278	0.2%	157,410	0.2%	(29.9%)
— others	4,831,648	7.5%	2,421,929	3.7%	99.5%
Income derived from:					
— Income right	2,289,820	3.5%	2,423,180	3.6%	(5.5%)
— Film right	47,520	0.1%	465,995	0.1%	(89.8%)
Market data subscription income	281,640	0.4%	—	0.0%	100%
	<b>64,420,193</b>	<b>100.0%</b>	<b>65,373,146</b>	<b>100.0%</b>	<b>(1.5%)</b>
Net gain on trading of financial assets at fair value through profit or loss	1,549,830	13.9%	621,354	(12.4%)	149.4%
Net change in fair value of financial assets at fair value through profit or loss	9,586,564	86.1%	(5,651,708)	112.4%	(269.6%)
	<b>11,136,394</b>	<b>100.0%</b>	<b>(5,030,354)</b>	<b>100.0%</b>	<b>(321.4%)</b>
	<b>75,556,587</b>		<b>60,342,792</b>		<b>25.2%</b>

### Securities and Futures Brokerage

Revenue from Securities and Futures Brokerage represent commission and brokerage fee and other fees including interest derived from cash and margin securities or futures accounts and interest from IPO financing.

The commission and brokerage fee from securities dealing decreased by approximately 11.5% from approximately HK\$8.3 million for the year ended 31 March 2016 to approximately HK\$7.3 million for the year ended 31 March 2017.

The total value of transactions decreased by approximately 55.0% from approximately HK\$185,926.8 million for the year ended 31 March 2016 to approximately HK\$83,644.6 million for the year ended 31 March 2017.

The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2017 decreased as compared with 2016. As a result, income relating to clearing and settlement fees also decreased by approximately 48.1% from approximately HK\$3.9 million for the year ended 31 March 2016 to approximately HK\$2.0 million for the year ended 31 March 2017.

The commission and brokerage fees from dealing in futures contracts increased by approximately 18.0% from HK\$183,797 for the year ended 31 March 2016 to HK\$216,862 for the year ended 31 March 2017.

The interest income derived from cash and margin securities accounts for the year ended 31 March 2017 was approximately HK\$14.3 million represents a decrease of approximately 34.3% from that of the year ended 31 March 2016 amounting approximately HK\$21.8 million.

The other service income increased by approximately 310.6% from HK\$24,869 for the year ended 31 March 2016 to HK\$102,121 for the year ended 31 March 2017.

On July 2016, the Group open up the provision of subscription of market data services to clients, up to the year ended, the Group generated approximately HK\$281,640 of market data subscription income from such services.

### Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the year ended 31 March 2017 was approximately HK\$17.7 million (2016: approximately HK\$9.6 million).

### Securities Advisory Service

The Group holds licence under the Securities and Futures Ordinance to engage in Type 4 regulated activities — Advising on Securities. Revenue generated from this segment derived from services provided under these regulated activities.

During the reporting period, Cheong Lee Securities Limited ("Cheong Lee"), the Company's wholly-owned subsidiary, provides securities advisory service to customers.

Commission income derived from securities advisory services for year ended 31 March 2017 was HK\$1.7 million (2016: HK\$0.6 million).

### Placing and Underwriting Business

Under normal circumstances, the Group acts as an underwriter or a sub-underwriter or a placing agent or a sub-placing agent on best effort basis for fund-raising activities. It would take the role on underwritten basis only if it received special requests from the issuers and/or their respective placing and underwriting agents.

During the reporting period, the placing and underwriting commission decreased by approximately 10.3% from approximately HK\$14.7 million for the year ended 31 March 2016 to approximately HK\$13.2 million for the year ended 31 March 2017.

### Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds, income right and film right. During the year under review, the Group receive annual return (net of PRC tax) of RMB2,004,000 from an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC. The total value of the Group investment portfolio was approximately HK\$77.6 million (2016: approximately HK\$46.4 million). As at 31 March 2017, the value of portfolio of listed equity securities was approximately HK\$29.1 million (2016: approximately HK\$12.8 million). This business segment has recorded revenue of approximately HK\$7.3 million (2016: approximately HK\$5.3 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK\$1.5 million (2016: approximately HK\$0.6 million) and net fair value gain of financial assets at fair value through profit or loss of approximately HK\$9.6 million (2016: net fair value loss of approximately HK\$5.7 million).

### Administrative Expenses

During the reporting period, the administrative expenses increased by approximately 6.5% from approximately HK\$26.1 million for the year ended 31 March 2016 to approximately HK\$27.8 million for the year ended 31 March 2017. The increase in administrative expenses was mainly due to the increased by approximately HK\$1.5 million to payment of commission for Placing and Underwriting activities.

Due to the total value of transaction decreased by approximately 55.0% from approximately HK\$185,926.8 million for the year ended 31 March 2016 to approximately HK\$83,644.6 million for the year ended 31 March 2017, the related expenses such as CCASS charges was decreased by approximately 40.1% from HK\$4.3 million for the year ended 31 March 2016 to approximately HK\$2.6 million for the year ended 31 March 2017.

Staff costs were approximately HK\$6.7 million for the year ended 31 March 2017 as compared to approximately HK\$6.1 million for the year ended 31 March 2016.

### Liquidity, Financial Resources and Capital Structure

The Group financed its operations by shareholders' equity and cash generated from operations.

The Group maintained approximately HK\$21.9 million of bank deposit, bank balances and cash in general accounts as at 31 March 2017. This represented an increase of approximately 95.2% as compared with the position as at 31 March 2016 of approximately HK\$11.2 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group increased from approximately HK\$205.2 million as at 31 March 2016 to approximately HK\$228.3 million as at 31 March 2017 which represents an increase of approximately 11.3%. The current ratio of the Group as at 31 March 2017 was approximately 6.8 times (2016: approximately 4.0 times).

The Group had utilised HK\$7 million of secured loans (2016: HK\$5 million).



The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as “equity”, as shown in the consolidated statement of financial position. At the end of the reporting period, the Group’s gearing ratio is 4.8% (2016: 6.6%).

Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

### **Charge on Group Assets and Guarantee**

As at 31 March 2017, certain bank deposits of the Group’s subsidiaries in the aggregate amount of HK\$10 million (2016: HK\$10 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK\$34.5 million (2016: HK\$34.5 million) issued by the banks to the Group. As at 31 March 2017, included in the banking facilities granted by the banks, HK\$12.2 million has been utilised (2016: HK\$15.2 million).

### **Contingent liabilities**

As at 31 March 2017, the Group had no material contingent liabilities (2016: Nil).

### **Capital commitments**

As at 31 March 2017, the Group had no capital commitments, contracted but not provided in the consolidated financial statements (2016: HK\$194,800).

### **Staff and remuneration policies**

The Group believes that staff is our most valuable asset, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging.

Total staff costs (including Directors’ emoluments) were approximately HK\$6.7 million for the year ended 31 March 2017 as compared to approximately HK\$6.1 million for the year ended 31 March 2016.

Remuneration is determined based on the individual’s qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, share options that may be granted under the share option scheme.

### **Future plans for material investments or capital assets**

As at 31 March 2017, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

### **Material Acquisitions of subsidiaries and affiliated companies**

The Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2017 and up to the date of this annual report, the Group did not hold any significant investment.

### **Significant Investment**

As at 31 March 2017, there was no significant investment held by the Group.

### **Foreign exchange exposure**

The Group’s business is principally conducted in Hong Kong dollars, the Directors consider that potential foreign exchange exposure of the Group is limited.

## RISK MANAGEMENT

### Credit Risk

Credit risk exposure represents loans to customer, trade receivables from brokers, clients and clearing houses which principally arise from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

For trade receivables from clients, normally clients are required to settle the amount within 2 days (T+2). Responsible officers will regularly review the overdue balance. The credit risk arising from the trade receivables from clients is considered as small.

For trade receivables from margin clients, normally the Group obtains securities and/or cash deposits as collateral for providing margin financing to clients. Receivables from margin clients are repayable on demand. Market conditions and the adequacy of collateral of each margin clients are monitored by responsible officers on a daily basis. Margin calls and forced liquidation are required when necessary.

For trade receivables from brokers and clearing houses, the Group considered that credit risk is low as those brokers and clearing houses are registered with regulatory bodies.

In order to minimise the credit risk of loans receivables, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans receivables, if any. In addition, the Group reviews the recoverable amount of each individual loan receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's loans receivables credit risk is significantly reduced.

The Group does not provide any guarantees which would expose the Group to credit risk.

### Liquidity Risk

The Group is subject to the statutory liquidity requirements as prescribed by the regulators. The Group has a monitoring system to ensure that it maintains adequate liquid capital to fund its business commitments and to comply with the Securities and Futures (Financial Resources) Rules (Cap.571N).

The Group has maintained stand-by banking facilities to meet any contingency in its operations. The Board believes that the Group's working capital is adequate to meet its long and short term financial obligations.

### Foreign Exchange Risk

Certain assets of the Group's business are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## OUTLOOK

Despite the overall economic outlook is clouded with uncertainties amid recovery of global market, the slowdown of economy in the People's Republic of China, the pace of US Federal Fund rate-hike cycle and the effect if the British exit the European Union, Hong Kong stock market would be volatile by such external factors. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

The Group aims to become a leading financial service group in Hong Kong. The Group will continue looking for any potential business opportunities to bring in new sources of income and to further increase the profitability of the Group.

# CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2017. This report highlights the key corporate governance practices of the Company.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to promoting high standards of corporate governance. The Directors of the Company believe that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding the shareholders' interests and the Group's assets.

Throughout the financial year ended 31 March 2017, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 15 of the GEM Listing Rules, save and except for code provision A.6.7 and E.1.2 which deviations are explained in the relevant paragraphs in this Report.

## **CORPORATE GOVERNANCE STRUCTURE**

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. Under the Board, there are 3 board committees, namely Audit Committee, Remuneration Committee and Nomination Committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2017. No incident of non-compliance was noted by the Company during this period.

## **BOARD OF DIRECTORS**

At present, the Board of the Company comprises seven members as follows:

### **Non-executive Director**

Mr. Alexis Ventouras (*Chairman*)

### **Executive Directors**

Mr. Kwok Kin Chung (*Chief Executive Officer*)  
Mr. Lau Kin Hon  
Ms. Yu Linda

### **Independent non-executive Directors**

Mr. Au-Yeung Tai Hong Rorce  
Mr. Chiu Wai Keung  
Mr. Poon Wing Chuen

Biographical details of the Directors are set out in the section of “Biographical Details of Directors” on page 20.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximising long-term shareholder value, while balancing broader stakeholder interests.

The Board meets regularly on a quarterly basis. Apart from the regular board meetings of the year, the Board also meets on other occasions when a Board-level decision on a particular matter is required. All Directors are provided with details of agenda items for decisions making with reasonable notice. Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

Generally, the responsibilities of the Board include:

- Formulation of operational strategies and review of its financial performance and results and the internal control systems;
- Policies relating to key business and financial objectives of the Company;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communication with key stakeholders, including shareholders and regulatory bodies; and
- Recommendation to shareholders on final dividend and the declaration of any interim dividends.

The posts of Chairman and Chief Executive Officer are separated to ensure a clear division between the Chairman’s responsibility to manage the Board and the Chief Executive Officer’s responsibility to manage the Company’s business. The separation ensures a balance of power and authority so that power is not concentrated in any one individual.

All Directors assume the responsibilities to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company’s overall financial position. The Board updates shareholders on the operations and financial position of the Group through quarterly, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the GEM Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

According to the Company's articles of association, newly appointed Directors shall hold office until the next following general meeting and shall be eligible for re-election at that meeting. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

### DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The Board meets regularly over the Company's affairs and operations. Details of the attendance of each member of the Board at the meetings of the Board and the general meetings during the year ended 31 March 2017 are as follows:

Name of Directors	Attendance/Number of meetings		
	Regular Board meetings	Additional Board meetings	General Meetings
<i>Non-Executive Director</i>			
Mr. Alexis Ventouras ( <i>Chairman</i> )	4/4	5/7	1/1
<i>Executive Directors</i>			
Mr. Kwok Kin Chung ( <i>Chief Executive Officer</i> )	4/4	7/7	1/1
Mr. Lau Kin Hon	4/4	7/7	1/1
Ms. Yu Linda	4/4	7/7	1/1
<i>Independent non-executive Directors</i>			
Mr. Au-Yeung Tai Hong Rorce	4/4	5/7	1/1
Mr. Chiu Wai Keung	4/4	5/7	1/1
Mr. Poon Wing Chuen	4/4	5/7	1/1

Pursuant to code provision A.6.7 and E.1.2 of the CG Code that independent non-executive directors and the chairman of the board should attend general meetings.

### TRAINING AND SUPPORT OF DIRECTORS

All Directors have been given relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group and such induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors. All Directors have been updated on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirement to ensure compliance and enhance their awareness of good corporate governance practices. There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the Code effective on 1 April 2012 on Directors' training.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Mr. Alexis Ventouras, being the non-executive chairman, is responsible for chairing meetings of the Board while Mr. Kwok Kin Chung, being the chief executive officer, is delegated with the authority and responsibility of overall management of daily operations.

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the period under review.

## NON-EXECUTIVE DIRECTORS

Under the Code Provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election. Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts. At each annual general meeting, one third of the Directors for the time being (of if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

## REMUNERATION COMMITTEE

A Remuneration Committee was set up on 21 February 2011 to oversee the remuneration policy and structure for all Directors and senior management.

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Au-Yeung Tai Hong Rorce, Mr. Lau Kin Hon and Mr. Poon Wing Chuen and is chaired by Mr. Au-Yeung Tai Hong Rorce.

The terms of reference of the Remuneration Committee are aligned with the provisions set out in the CG Code. The role of the Remuneration Committee is to recommend to the Board a framework for remunerating the Directors and key executives and to determine specific remuneration packages for them. They are provided with sufficient resources by the Company to discharge its duties.

For the year ended 31 March 2017, the Remuneration Committee held 2 meetings to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Au-Yeung Tai Hong Rorce ( <i>Chairman</i> )	2	2
Mr. Lau Kin Hon	2	2
Mr. Poon Wing Chuen	2	2

## NOMINATION COMMITTEE

The Board is empowered under the Company's articles of association to appoint any person as a director to fill a casual vacancy on or as an additional member of the Board. Qualified candidates will be proposed to the Board for consideration and the selection criteria are based on the assessment of their professional qualifications and experience, character and integrity.

The Company has established a Nomination Committee on 21 February 2011 for making recommendations to the Board on appointment of Directors and succession planning for the Directors. The terms of reference of the Nomination Committee are aligned with the provisions set out in CG Code.

The Nomination Committee comprises one executive Director and two Independent non-executive Directors, namely Mr. Chiu Wai Keung, Mr. Poon Wing Chuen and Mr. Kwok Kin Chung. Mr. Chiu Wai Keung is the Chairman of the Nomination Committee.

For the year ended 31 March 2017, the Nomination Committee held 1 meeting to review and discuss nomination matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Chiu Wai Keung ( <i>Chairman</i> )	1	1
Mr. Kwok Kin Chung	1	1
Mr. Poon Wing Chuen	1	1

## AUDIT COMMITTEE

The Company has established an Audit Committee on 21 February 2011 with written terms of reference that set out the authorities and duties of the Audit Committee adopted by the Board.

The Audit Committee comprises the three independent non-executive Directors and headed by Mr. Poon Wing Chuen who has appropriate professional qualifications and experience in financial matters. The terms of reference of the Audit Committee are aligned with the provisions set out in the CG Code. The Audit Committee performs, amongst others, the following functions:

- Consider and recommend to the Board the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor and address any questions of resignation or dismissal of such auditor;
- ensure that co-operation is given by the Company's management to the external auditor where applicable;
- review the Group's quarterly, half yearly and annual results announcements and the financial statements prior to their recommendations to the Board for approval;
- review the Group's financial reporting process and internal control system; and
- review of transactions with interested persons.

For the year ended 31 March 2017, the Committee met on 4 occasions and up to the date of this annual report, the Audit Committee has reviewed the consolidated financial statements, including the accounting principles and practices adopted by the Group, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee has also discussed with the Group's independent auditor and considers the system of the internal control of the Group to be effective and that the Group had adopted the necessary control mechanisms to its financial, operational, statutory compliance and risk management functions. The individual attendance of the Committee members is set out below:

<b>Name of committee member</b>	<b>Number of meetings held</b>	<b>Number of meetings attended</b>
Mr. Poon Wing Chuen ( <i>Chairman</i> )	4	4
Mr. Au Yeung Tai Hong Rorce	4	4
Mr. Chiu Wai Keung	4	4

### **AUDITOR'S REMUNERATION**

The Audit Committee is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

For the financial year ended 31 March 2017, the remuneration paid/payable to the auditor of the Group is set out as follows:

<b>Services rendered</b>	<b>Paid/payable</b> <i>HK\$</i>
Statutory audit services	<u>570,000</u>

### **RISK MANAGEMENT AND INTERNAL CONTROLS**

The Group has engaged external professionals to conduct independent internal control review for the year ended 31 March 2017. The review will cover parts of the system including financial, operational, compliance control and risk management functions. The Board will continue to assess the effectiveness of internal controls by considering the reviews conducted by the external professionals. The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "risk management and internal controls").

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of risk management and internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to manage risks. The Board also acknowledges that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.



## **INTERNAL AUDIT**

The Audit Committee of the Company, with its amended Terms of Reference took effect on 1 January 2016, has been delegated the responsibility of reviewing the overall effectiveness of the risk management and internal control system of the Group. An internal audit plan has been prepared, discussed and agreed with the Audit Committee. Major internal audit findings has been submitted to the Audit Committee for review and all recommendations from the Audit Committee was properly followed up.

## **DIRECTORS AND OFFICERS INSURANCE**

Appropriate insurance cover on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

## **DIRECTORS RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The Directors are ultimately responsible for the preparation of the consolidated financial statements for each financial year which gives a true and fair view. In preparing the consolidated financial statements, appropriate accounting policies and standards are selected and applied consistently.

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 30 and 35 of this annual report.

## **COMPANY SECRETARY**

Mr. Yeung Ming Kong, Kenneth ("Mr. Yeung") is the Company Secretary of the Company. He is responsible for ensuring that the board policy and procedures are followed and that the Board is briefed on legislative, regulatory and corporate governance developments.

Up to the date of this report, Mr. Yeung has undertaken not less than 15 hours of relevant professional training.

## **INVESTORS RELATIONS**

The Company adheres to high standards with respect to the disclosure all necessary information to the shareholders in compliance with GEM Listing Rules. The Company strengthens its communications with shareholders through various channels including publication of interim and annual reports, press release and announcements of the latest development of the Company in its corporate website in a timely manner.

## **SHAREHOLDERS' RIGHTS**

Under the Company's Articles of Association, in addition to regular Board meetings, the Board, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, may convene an extraordinary general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the registered office of the Company. The requisition must state the purposes of the meeting, and must be signed by the requisitioner(s).

Shareholders may send their enquiries requiring the Board's attention to the Company Secretary at the Company's principal office address at Room 16B, 16th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

According to the requirements set forth in the ESG Guide under Appendix 20 of the GEM Listing Rules, the Group hereby presents the Environmental, Social and Governance (“ESG”) report for the year ended 31 March 2017 (“Reporting Period”).

## SCOPE OF REPORTING

This ESG report covers the Group’s business operations in Hong Kong for the financial year ended 31 March 2017, the overall performance of our core business segments in relation to Securities, Futures and Options brokering and trading, Placing and underwriting, Loan financing, Securities advisory service, and Investment holding. The ESG data that the Group has direct access to and is under the Group’s direct operational control has been included in this report. This report is published in accordance with the Appendix 20 to the GEM Listing Rules, the Environmental, Social and Governance Reporting Guide. Based on management assessment, we summarize the various issues as described in the ESG Reporting Guide, and the list of issues that are material and relevant to the Group are set out as follows:

### A. Environmental

Aspect A1	Emissions
Aspect A2	Use of Resources
Aspect A3	Environment and Natural Resources

The Group aims to providing quality financial services to our clients in the way that the adverse impact on the environment would be at the minimal level. The Group is primarily an office based group with relatively low energy, power and resources consumption, our direct environmental impact is not material in the process of our daily operation and business development. The management and employees might take business trip to travel overseas or Mainland countries occasionally, the emissions of the Group is the indirect greenhouse gas emission mainly from the purchased electricity and paper consumption at an office setting.

The Group make efficient use of energy and resources and minimize the impact of the Group activities on the environment and natural resources whilst we grow our business.

The Group has implemented various energy saving initiatives throughout our business operations include purchasing energy efficient office electrical equipment and T5 energy saving fluorescent tubes, pre-setting multi-functional photocopiers in power saving mode. Every staff will switch off computers and lights when they are leaving work.

The Group generated no hazardous waste in our business operation. Non-hazardous waste from our business operation was mainly generated from paper consumption. In order to minimise paper consumption, employees are encouraged to use duplex printing. Recycle boxes are placed on the cabinet next to the photocopier for collecting used paper for recycling purpose. We promote paperless by facilitating the use of electronic means for communication. For our clients, we encourage them to opt out of paper statements and subscribe for e-statement and to place orders electronically.

In 2015 and 2016, the Group have donated our unused desktop computers and LCD monitors to Phoenix Charitable Foundation and Caritas Computer Workshop for the usage by deprived people and non-profit making organization.

## **B. Social**

### Aspect B1 Employment

We are an equal-opportunity employer, we believe that staff is our most valuable asset to drive the long term development, they are encouraged to pursue excellence at work and career development. We encourage staff to maintain healthy balance between work and life, and communicate with staff to enhance staff morale and their sense of belonging. We have formulated employee handbook to stipulate the practices and policies related to employment, compensation and benefits. Employees might rewarded by discretionary performance bonus and are entitled to medical insurance, mandatory provident fund and various types of paid leave (include marriage, compensation, paternity and maternity) other than annual leave and sick leave.

### Aspect B2 Health and Safety

The Group adhere to the Occupational Safety and Health Ordinance Cap. 509. We strives to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards.

The Group sponsors various company teams for community service. Sports teams include soccer.

During the period under review, there were no non-compliance cases noted in relation to employment laws and regulations.

### Aspect B3 Development and Training

We recognise the importance of training for the development of our employees as well as our Group. We encourage and support our employees in personal and professional training through sponsoring training programmes, seminars, regular sharing sessions and on-the-job training, as well as reimbursement for fees of external training seminars. We believe it is a win-win approach for achieving both employee and corporate goals as a whole.

### Aspect B4 Labour Standards

The Group strictly complies with the Employment Ordinance. The Group reviews the job applicant's identity information during the recruitment process and the applicant is also required to provide document proofs of academic qualifications and working experience for verifications, thus Human Resource Department can ensure that there is no child nor forced labour in our business operation. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is established on a voluntary basis. Owing to the nature of our businesses, work related injuries, occupational health issues are not be significant factors.

During the period under review, there were no non-compliance cases noted in relation to labour standards laws and regulations.

### Aspect B5 Supply Chain Management

The Group's services suppliers include providers of information technology and communication, premises, legal and professional services and other business services as well as vendors for office supplies. These are not significant environmental and social risks for our management decision on procurement which are based on pricing, suitability and the reputation of suppliers. The Group does not only consider the competitiveness of quotation, but also evaluates the quality of the relevant services and products.

### Aspect B6 Product responsibility

The Group strives to providing customers with quality services. We actively improve the quality of our services to secure new customers and strengthen relationship with existing customers. During the year, there were no cases of non-compliance with the relevant laws or regulations.

We value data privacy and protection for intellectual property rights and incorporates physical, electronic and managerial measures to safeguard customers' data privacy.

### Aspect B7 Anti-corruption

The Group implemented the policy that the Compliance Department will continually review the whole operations to prevent or detect fraudulence.

All staff are be awareness that they are subject to the Provisions of the Prevention of Bribery Ordinance. In addition to the code of conduct on anti-money laundering mentioned in the operation manual and the employees are encouraged to direct access to the top management whenever irregularities or fraudulent activities are suspected. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities.

During the year under review, there were no non-compliance cases noted in relation to the corruption related laws and regulations.

### Aspect B8 Community investment

The Group cares about the interest of the communities and people that we serve. In the course of our business development, we endeavour to perform social responsibilities and promote positive energy.

During the period under review, the Group made sponsorship to charitable organisations to serve with care and concern for the underprivileged through the activities as follows:

- Yan Oi Tong Gold Sponsor
- Outward Bound Hong Kong — Corporate Challenge 2016
- The Hong Kong Polytechnic University
- Run for infinity 2017

## BIOGRAPHICAL DETAILS OF DIRECTORS

### NON-EXECUTIVE DIRECTOR

**Mr. Alexis Ventouras**, aged 49, is the Chairman and Non-executive Director of the Company. Mr. Ventouras was appointed as the Chairman and Executive Director of the Company in February 2012, he was redesignated as the Chairman and Non-executive Director of the Company in December 2012. Mr. Ventouras obtained a Bachelor degree in Economics from University of British Columbia, Vancouver, Canada. He is responsible for providing leadership to the Board of Directors and making contribution to strategic business planning. Mr. Ventouras has over 20 years' experience in the financial industry.

### EXECUTIVE DIRECTORS

**Mr. KWOK Kin Chung**, aged 42, is the Chief Executive Officer and Executive Director of the Company. He also holds directorship in certain subsidiaries of the Company. Mr. Kwok obtained a Master degree in Finance in 2006 from Curtin University of Technology of Australia and a professional diploma in Corporate Finance from The Hong Kong Management Association. Mr. Kwok is responsible for managing daily operations and supervising dealing staff. He joined the Group in July 2010. Mr. Kwok has over 15 years of experience in securities and derivatives dealing.

**Mr. LAU Kin Hon**, aged 49, is an Executive Director of the Company. He also holds directorship in certain subsidiaries of the company. Mr. Lau is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K.. and has been practicing law in Hong Kong for over 20 years. Mr. Lau is responsible for managing the compliance functioning of the Group and the provision of advice to the Group on legal and regulatory compliance matters. He joined the Group in January 2008. He is currently a Non-executive Director of Lisi Group (Holdings) Limited (stock code: 526) and Independent Non-executive Director of Mingfa Group (International) Company Limited (stock code: 846) and was a Non-executive Director of Evershine Group Holdings Limited (Formerly known as "TLT Lottotainment Group Limited") (stock code: 8022) from 4 March 2013 to 2 October 2013, all of which are listed on the Stock Exchange.

**Ms. YU Linda**, aged 44, is an Executive Director of the Company. She also holds directorship in certain subsidiaries of the company. Ms. Yu is responsible for the Company's business development, marketing, maintenance of clients' relations and such other matters as the Board shall from time to time direct. She joined the Group in October 2007. Ms. Yu has over 20 years of experience in the securities industry.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. AU-YEUNG Tai Hong Rorce**, aged 58, is an Independent Non-executive Director appointed on 21 February 2011. He obtained a Bachelor's Degree in Science (Business Administration (Accounting)) from San Jose State University and a Juris Doctor from Santa Clara University of the United States of America. Mr. Au-Yeung was admitted as an attorney and counselor at law of the State Bar of California on 11 December 1989. He is currently the Co-Chief Executive Officer of VPower Group International Holdings Limited (stock code:1608)

**Mr. CHIU Wai Keung**, aged 56, is an Independent Non-executive Director appointed on 15 August 2011. He obtained a Higher Certificate of Electronic Engineering from The Hong Kong Polytechnic University. Mr. Chiu currently is the General Manager of a medical science and technology company in the PRC.

**Mr. POON Wing Chuen**, aged 51, is an Independent Non-executive Director appointed on 30 June 2015. He is currently the Chief Financial Officer of a real estate development company listed on the Stock Exchange. Mr. Poon has over 25 years of experience in accounting and financial management. Mr. Poon obtained a professional diploma in accountancy from City University of Hong Kong. He is a fellow member of Association of Chartered Certified Accountants. In the three years preceding the Latest Practicable Date, Mr. Poon did not hold any directorship in any other listed companies.

# REPORT OF DIRECTORS

## REPORT OF DIRECTORS

The Directors of the Company (“Directors”) submit herewith their annual report together with the audited consolidated financial statements for the year ended 31 March 2017.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in Note 39 to the consolidated financial statements. There were no significant changes in nature of Group’s principal activities during the year.

## SEGMENT INFORMATION

An analysis of the Group’s consolidated revenue and contribution to operating profit for the year by principal activities is set out in Note 9 to the consolidated financial statements.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2017 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 36 to 99.

The Directors proposed to declare a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2017, which will be subject to approval by our Shareholders at the forthcoming annual general meeting (“AGM”) of our Company to be held on Wednesday, 2 August 2017. If approved, in order to determine Shareholders who are qualified for the proposed final dividend, the Register will be closed on 9 August 2017, and the proposed final dividend will be paid to our Shareholders on or before 16 August 2017.

## PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2017 are set out in Note 39 to the consolidated financial statements.

## PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group are set out in Note 17 to the consolidated financial statements.

## BORROWINGS

Particulars of bank loans of the Group are set out in Note 28 to the consolidated financial statements.

## RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on page 39 and Note 31(b) to the consolidated financial statements respectively.

## DISTRIBUTABLE RESERVES

At 31 March 2017, the Group's reserve available for distribution, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately HK\$222.1 million. This includes the Company's share premium in the amount of approximately HK\$130.9 million at 31 March 2017, which may be distributable provided that immediately follow the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

## DONATION

The Group's charitable and other donations during the year amounted to HK\$436,000 (2016: HK\$366,000). No donations were made to political parties.

## SHARE CAPITAL

Details of the movements in share capital of the Company during the year, together with reasons therefore, are set out in Note 30 to the consolidated financial statements.

## SUMMARY OF FIVE YEAR FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 100.

## MAJOR CUSTOMERS AND SUPPLIERS

The percentage of revenue for the year attributable to the Group's major customers is as follows:

— the largest customer	15%
— five largest customers combined	36%

To the best of the Directors' knowledge, none of the Directors, their associates or any shareholder who owns more than 5% of the Company's share capital had an interest in any of the major customers above.

The Group had no major supplier due to the nature of principal activities of the Group.

## DIRECTORS

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

Mr. Alexis Ventouras (*Chairman*)  
 Mr. Kwok Kin Chung (*Chief Executive Officer*)  
 Mr. Lau Kin Hon  
 Ms. Yu Linda  
 Mr. Au Yeung Tai Hong Rorce\*  
 Mr. Chiu Wai Keung\*  
 Mr. Poon Wing Chuen\*

\* *Independent Non-executive Director*

In accordance with the provisions of the Company's Articles of Association and to comply with the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules, Mr. Kwok Kin Chung, Mr. Lau Kin Hon, Ms. Yu Linda and Mr. Poon Wing Chuen will retire at the forthcoming AGM by rotation and, being eligible, offer themselves for re-election.

## BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical information of the Directors of the Group are set out on page 20 of this annual report.

## CHANGE IN INFORMATION OF DIRECTORS

There is no change in the information of Directors since the publication of the 2016 Annual Report pursuant to the Rule 17.50B of the GEM Listing Rules.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, save for the interest of the directors in share options as below, neither of the Directors nor the Chief Executive of the Company had interests and short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## LONG POSITION IN SHARES, UNDERLYING SHARES OF THE COMPANY

### Share Option

As at 31 March 2017, details of the share options granted under the Share Option Scheme are as follows:

Director	Date of grant (dd/mm/yyyy)	Options to Subscribe for Shares of the Company					Outstanding as at 31 March 2017	Option exercise Period (dd/mm/yyyy)	Exercise price per share <sup>#</sup>	Approximate percentage of shareholding
		Outstanding as at 1 April 2016	Granted during the period	Exercised during the period	Lapsed during the period	Adjustment on Bonus Issue				
Kwok Kin Chung	09/04/2014	10,000,000	—	—	—	10,000,000	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Yu Linda	09/04/2014	10,000,000	—	—	—	10,000,000	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Lau Kin Hon	09/04/2014	10,000,000	—	—	—	10,000,000	20,000,000	09/04/2014 to 08/04/2023	HK\$0.2275	0.91%
Total		<u>30,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>30,000,000</u>	<u>60,000,000</u>			<u>2.73%</u>

<sup>#</sup> The exercise price of the share options is subject to adjustment in the case of bonus issues, or other similar Company's capital reorganisation.

*note:*

The above share options were granted pursuant to the Company's share option scheme adopted on 22 February 2011.

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2017.



## **DIRECTORS' SERVICE CONTRACTS**

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of one year renewable for the year upon the expiration of the initial term and each subsequent one year term subject to termination in certain circumstance as stimulated in the relevant service contracts.

No Director has a service contract with the Company which is for a duration that may exceed 3 years or which requires the Company to, in order to terminate such contract, give a notice period of more than 1 year or pay compensation or make other payment equivalent to more than 1 year's emolument.

As at 31 March 2017, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

## **DIRECTORS' INTERESTS IN CONTRACTS**

No contracts of significance in relation to the Company's business to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which any Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## **APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS**

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 5.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The Company considers all of the independent non-executive Directors are independent.

## **EMOLUMENT POLICY**

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group.

Employees' remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year.

The Company has adopted a Share Option Scheme as an incentive to Directors and eligible employees. Details of the scheme is set out in Note 32 to the consolidated financial statements.

## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Apart from as disclosed under the paragraph headed "Directors' and Chief Executives' interests and short positions in shares, underlying shares and debentures" above and the "Share option scheme" below, at no time during the year have rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

## SHARE OPTION

### Share Option Scheme

The Company has two share option schemes namely, the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) and the share option scheme (the “Share Option Scheme”) which were adopted on 22 February 2011.

#### (i) *Pre-IPO Share Option Scheme*

The Company has adopted the Pre-IPO Share Option Scheme on 22 February 2011 under which the Company has conditionally granted options to certain Directors, senior management and employees of the Group to purchase shares of the Company with an exercise price equal to the offer price as defined in the prospectus of the Company dated 28 February 2011.

There are no share options granted, cancelled or lapsed, exercise and outstanding under the Pre-IPO Share Option Scheme as at 31 March 2017.

#### (ii) *Share Option Scheme*

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders’ written resolutions, is valid and effective for a period of 10 years, the remaining life of the Share Option Scheme is 4 years. It is established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

As at 31 March 2017, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 5% of the total number of shares of the Company as at 31 March 2017.

Under the Share Option Scheme, the Company may grant to directors (the “Directors”) and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months' period up to the date of grant shall not exceed 1% of the Shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

The total number of shares in respect of which share options granted under the Share Option Scheme as at 31 March 2017 and not yet exercised was 100,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 31 March 2017.

As at 31 March 2017, details of the share options granted under the Share Option Scheme are as follows:

Granted	Date of Grant (dd/mm/yyyy)	Exercise price per share HK\$	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2016	Changes during the period			Adjustment on Bonus Issue	Balance as at 31 March 2017
					Granted	Exercised	Cancelled/ lapsed		
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014– 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014– 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014– 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
			<b>Sub-total</b>	<b>30,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>30,000,000</b>	<b>60,000,000</b>
Employees and Other Participants	09/04/2014	0.2275	09/04/2014– 08/04/2023	20,000,000	—	—	—	20,000,000	40,000,000
			<b>Total</b>	<b>50,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>50,000,000</b>	<b>100,000,000</b>
Weighted average exercise price				0.455	—	—	—	0.2275	0.2275

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2017, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

### Long position in shares of the Company

Name of shareholder	Number of shares	Approximate percentage holding
Zillion Profit Limited	1,500,000,000	68.18%
Ms. Au Suet Ming Clarea ( <i>note i</i> )	1,500,000,000	68.18%

*note:*

- (i) Ms. Au Suet Ming Clarea is deemed to be interested in 1,500,000,000 shares through her controlling interest (100%) in Zillion Profit Limited.

Save as disclosed above, as at 31 March 2017, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

## MANAGEMENT CONTRACTS

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

## RETIREMENT BENEFIT SCHEME

Particulars of the retirement benefit scheme of the Group are set out in Note 33 to the consolidated financial statements.

## ENVIRONMENTAL POLICY

The Group supports environmental protection, implements green office practices and promotes green awareness within the company. Such measures include the using of energy-saving lightings and recycled paper, minimising the use of paper, reducing energy consumption by switching off idle lightings, computers and electrical appliances.

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Shares.

## PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from any loss to which the Directors of the Company might be liable arising from their actual or alleged misconduct.

## CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

### Non-exempt One-off Connected Transactions

For the year ended 31 March 2017, the Company has not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

### Non-exempt Continuing Connected Transactions

For the year ended 31 March 2017, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of GEM Listing Rules.

Significant related party transactions entered by the Group during the year as disclosed in Note 38(a) to the consolidated financial statements, constitute connected transactions under the GEM Listing Rules.

## CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company or its subsidiaries or holding company or a subsidiary of the Company's holding company is a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2017, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

## NON-COMPETITION UNDERTAKING

Each of Ms. Au, Zillion Profit Limited, Mr. Kwok Kin Chung, Mr. Lau Kin Hon and Ms. Yu Linda as covenantor (each a "Covenantor", collectively, "Covenantors") entered into a deed of non-competition dated 25 February 2011 in favour of the Company and its subsidiaries (the "Deed of Non-competition").

The Company has received from each of the Covenantors an annual confirmation on the compliance of the non-competition undertaking under the Deed of Non-competition (the "Undertaking"). The independent non-executive Directors have reviewed the compliance of the Undertaking from the Covenantors and evaluated the effectiveness of the implementation of the Deed of Non-competition, and were satisfied that the Covenantors have complied with the Undertaking.

### **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

### **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such rights under the laws of the Cayman Islands.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company as at the date of this report, the Company has maintained the prescribed public float under the GEM Listing Rules.

### **AUDITOR**

The consolidated financial statements for the year ended 31 March 2017 were audited by HLM CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint HLM CPA Limited as independent auditor of the Company.

On behalf of the board

**Alexis Ventouras**

*Chairman*

Hong Kong, 27 June 2017

恒健會計師行有限公司  
**HLM CPA LIMITED**  
Certified Public Accountants

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**TO THE MEMBERS OF CL GROUP (HOLDINGS) LIMITED**

昌利(控股)有限公司

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of CL Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 99, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, 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 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**BASIS OF OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") 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.

**KEY AUDIT MATTERS**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**KEY AUDIT MATTERS** (Continued)***Impairment assessment of trade and loans receivables***

Impairment allowances are estimated by management once objective evidence of impairment becomes apparent. Management exercises judgement in determining the quantum of loss based on a range of factors which include available remedies for recovery, the financial situation of the borrower and the valuation of collaterals held.

We identified impairment of trade and loans receivables as a key audit matter because of the inherent uncertainty and management judgement involved in determining impairment allowances and because of its significance to the financial results and capital of the Group.

**How the matter was addressed in our audit**

Our audit procedures to assess impairment of trade and loans receivables included the following:

- assessing the design, implementation and operating effectiveness of key internal controls relating to the approval, recording and monitoring of loans and advances to customers and collateral shortfalls and the measurement of impairment allowances for trade and loans receivables;
- comparing the total balance of the loans report, which contains information of loan balances and the value of collaterals used by management for the measurement of impairment allowances, with the general ledger and comparing individual loan information, on a sample basis, with underlying documentation of loans to customers;
- evaluating, on a sample basis, management's assessment of impairment allowances by comparing the valuation of collaterals held as recorded in the loans report to available data and comparing management's assessment of impairment allowances to historical losses;
- verifying the balances of trade receivables by requesting and receiving confirmations on a sample basis; and
- assessing, on a sample basis, the recoverability of the outstanding receivables through our discussion with management and with reference to credit profile of the customers (include secured loans and unsecured loans), available data, information and the latest correspondence with customer and checking subsequent settlements.

Based on the audit procedures performed, we considered the Group's judgement and assumptions used in the impairment assessment is supported by the available evidence.



**KEY AUDIT MATTERS** (Continued)**Revenue recognition**

The main business for the Group are brokerage business, corporate finance business and interest income.

Revenue from the brokerage business principally comprised brokerage commission income which is recognised on a trade date basis. Revenue from the corporate finance business principally comprised underwriting commission, placing income and financial advisory fees. Revenue from interest income principally comprised margin and loans interest income from the customers.

We identified the recognition of revenue as key audit matter because revenue is one of the key performance indicators of the Group and is quantitatively significant to the consolidated statement of profit or loss and other comprehensive income. There is an inherent risk that revenue is not properly recorded or recognised in the correct accounting record.

**How the matter was addressed in our audit**

Our audit procedures to assess the recognition of revenue included the following:

- assessing the design, implementation and operating effectiveness of key internal controls relating to revenue recognition, including brokerage business transactions, deal approval, invoicing and journal entry approval;
- comparing details of journal entries raised during the current year which affected revenue from the brokerage business with underlying documentation on a sample basis;
- performing the following procedures to assess the recognition of revenue for a sample of specific revenue transactions recorded during the current year:
  - (a) testing, on a sample basis, the invoices, service agreements and evaluating whether revenue was recognised in accordance with the invoices date, the terms of the service agreements, relevant documentation and the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
  - (b) testing a sample of loan transactions documentation to validate whether a loan transaction had occurred by matching outgoing cash to recorded loan receivable;
  - (c) performing analytical audit procedures to assess whether the interest income was in line with the expected level; and
  - (d) testing, on a sample basis, transaction on either side of the year end date to assess whether the transactions were recognised in the correct accounting period.

**KEY AUDIT MATTERS** (Continued)

***Impairment assessment of income right***

We identified impairment of income right as a key audit matter because of the size of the income right (HK\$21 million at 31 March 2017), represents 7.18% of the total assets (note 18 of the financial statements).

Management has assessed the fair value of the income right with reference to the valuation report performed by an independent professional valuer. The valuation of income right was subject to significant judgement and estimation by the management.

**How the matter was addressed in our audit**

Our audit procedures to assess impairment of intangible assets included the following:

- evaluating the directors' impairment assessment for the income right;
- assessing the principles and the valuation model adopted;
- assessing the Group's key assumptions for the cash flow projections, with reference to internally and externally derived sources and taking into account the Group's historical forecasting accuracy; and
- evaluating the independent external valuer's competence, capabilities and objectivity.

We considered the valuation model and assumptions made by the management and the external valuer reasonable. We considered the disclosures in note 18 to the consolidated financial statements to be appropriate.

**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 of the Company 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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.

As part of an audit in accordance with HKSAAs, we exercise professional judgment 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;

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: (Continued)

- 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; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide 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 year 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.

### **HLM CPA Limited**

*Certified Public Accountants*

### **Ho Pak Tat**

Practising Certificate Number: P05215

Hong Kong, 27 June 2017

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK\$	2016 HK\$
Revenue	7	<b>64,420,193</b>	65,373,146
Net gain on trading of financial assets at fair value through profit or loss		<b>1,549,830</b>	621,354
Net change in fair value of financial assets at fair value through profit or loss		<b>9,586,564</b>	(5,651,708)
Net other income, gains and losses	8	<b>3,794,728</b>	(7,161,432)
Administrative expenses		<b>(27,761,914)</b>	(26,056,841)
Finance costs	10	<b>(463,633)</b>	(334,540)
Profit before tax	11	<b>51,125,768</b>	26,789,979
Income tax expenses	14	<b>(8,383,142)</b>	(5,650,735)
Profit and total comprehensive income for the year		<b>42,742,626</b>	21,139,244
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>42,738,543</b>	21,090,715
Non-controlling interests		<b>4,083</b>	48,529
		<b>42,742,626</b>	21,139,244
<b>Earnings per share</b>			(Restated)
— Basic	16	<b>1.94 cents</b>	0.96 cent
— Diluted	16	<b>1.94 cents</b>	0.95 cent

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	Notes	2017 HK\$	2016 HK\$
<b>Non-current assets</b>			
Plant and equipment	17	2,068,556	501,940
Intangible assets	18	21,039,733	22,769,105
Other assets	19	1,745,491	1,775,986
Rental and utility deposits	22	708,895	648,945
Loans receivables	21	33,551	40,364
Deferred tax assets	29	—	661,057
		<b>25,596,226</b>	26,397,397
<b>Current assets</b>			
Trade receivables	20	92,464,712	101,661,189
Loans receivables	21	78,639,077	87,522,834
Other receivables, deposits and prepayments	22	1,640,533	1,679,059
Financial assets at fair value through profit or loss	23	29,129,947	12,767,413
Held-to-maturity investments	24	22,000,000	10,000,000
Tax refundable		71,005	106,232
Pledged bank deposit	25	10,000,000	10,000,000
Bank balances and cash — trust accounts	25	21,567,948	49,163,334
Bank balances and cash — general accounts	25	11,918,299	1,229,275
		<b>267,431,521</b>	274,129,336
<b>Current liabilities</b>			
Trade payables	26	22,765,574	50,028,413
Other payables and accruals	27	1,854,494	2,165,390
Bank borrowings	28	12,200,000	15,230,411
Income tax payables		2,265,893	1,491,661
		<b>39,085,961</b>	68,915,875
<b>Net current assets</b>		<b>228,345,560</b>	205,213,461
<b>Total assets less current liabilities</b>		<b>253,941,786</b>	231,610,858
<b>Non-current liability</b>			
Deferred tax liabilities	29	1,667,577	48,036
<b>Net assets</b>		<b>252,274,209</b>	231,562,822

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	<i>Notes</i>	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
<b>Capital and reserves</b>			
Share capital	30	<b>22,000,000</b>	11,000,000
Reserves		<b>230,274,209</b>	220,679,424
Equity attributable to owners of the Company		<b>252,274,209</b>	231,679,424
Non-controlling interest		—	(116,602)
<b>Total equity</b>		<b>252,274,209</b>	231,562,822

The consolidated financial statements on pages 36 to 99 were approved and authorised for issue by the Board of Directors on 27 June 2017 and are signed on its behalf by:

**Alexis Ventouras**  
*Director*

**Kwok Kin Chung**  
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Capital reserve HK\$	Retained profits HK\$	Attributable to owners of the Company HK\$	Non- controlling interests HK\$	Total HK\$
<b>At 1 April 2015</b>	11,000,000	141,963,232	32,500,000	8,275,000	—	38,850,477	232,588,709	(165,131)	232,423,578
Profit and total comprehensive income for the year	—	—	—	—	—	21,090,715	21,090,715	48,529	21,139,244
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
<b>At 31 March 2016 and 1 April 2016</b>	11,000,000	141,963,232	32,500,000	8,275,000	—	37,941,192	231,679,424	(116,602)	231,562,822
Profit and total comprehensive income for the year	—	—	—	—	—	42,738,543	42,738,543	4,083	42,742,626
Issue of new shares under the bonus issues (Note a)	11,000,000	(11,031,239)	—	—	—	—	(31,239)	—	(31,239)
Purchase of additional interest in subsidiary (Note b)	—	—	—	—	(112,519)	—	(112,519)	112,519	—
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)	—	(22,000,000)
<b>At 31 March 2017</b>	<b>22,000,000</b>	<b>130,931,993</b>	<b>32,500,000</b>	<b>8,275,000</b>	<b>(112,519)</b>	<b>58,679,735</b>	<b>252,274,209</b>	<b>—</b>	<b>252,274,209</b>

Notes:

- Bonus shares have been issued to shareholders on the basis of one bonus share for every one exiting share on 30 August 2016 (Note 30).
- Purchase of additional interest in subsidiary is the purchase of additional 9% equity interest in Capital Global (BVI) Limited (Note 36).



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK\$	2016 HK\$
<b>Operating activities</b>		
Profit before tax	51,125,768	26,789,979
Adjustments for:		
Depreciation of plant and equipment	769,075	1,058,883
Amortisation of intangible assets	1,329,772	1,616,424
Net gain on trading of financial assets at fair value through profit or loss	(1,549,830)	(621,354)
Net change in fair value of financial assets at fair value through profit or loss	(9,586,564)	5,651,708
Interest income	(36,907,868)	(34,020,466)
Interest expenses	463,633	334,540
Write-off of plant and equipment	—	446,032
Impairment loss on trade receivables	86,561	—
(Recovery of) impairment loss on loans receivables	(4,144,486)	6,423,647
Recovery of other receivables	—	(800,000)
Impairment loss on intangible assets	399,600	1,146,600
Operating cash flows before movements in working capital	1,985,661	8,025,993
Decrease (Increase) in trade receivables	9,109,916	(12,439,215)
Decrease (Increase) in loans receivables	10,912,688	(39,228,031)
(Increase) Decrease in other receivables, deposits and prepayments	(21,424)	4,764,397
Decrease (Increase) in other assets	30,495	(45,189)
Decrease in bank balances and cash — trust accounts	27,595,386	7,633,684
Decrease in trade payables	(27,262,839)	(12,804,936)
(Decrease) Increase in other payables and accruals	(310,896)	356,981
<b>Cash generated from (used in) operations</b>	<b>22,038,987</b>	<b>(43,736,316)</b>
Interest paid	(463,633)	(334,540)
Hong Kong Profits Tax paid	(5,293,085)	(6,440,608)
<b>NET CASH GENERATED FROM (USED IN)   OPERATING ACTIVITIES</b>	<b>16,282,269</b>	<b>(50,511,464)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK\$	2016 HK\$
<b>Investing activities</b>		
Interest received	39,030,236	34,987,181
Purchase of plant and equipment	(2,335,691)	(222,691)
Purchase of financial assets at fair value through profit or loss	(12,250,280)	(30,994,669)
Proceeds from disposal of financial assets at fair value through profit or loss	7,024,140	32,548,609
Purchase of held-to-maturity investments	(25,000,000)	(10,000,000)
Proceeds from disposal of held-to-maturity investments	13,000,000	—
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>	<b>19,468,405</b>	26,318,430
<b>Financing activities</b>		
Dividends paid	(22,000,000)	(22,000,000)
Expenses on issue of bonus shares	(31,239)	—
Proceeds from shareholder loan	31,000,000	15,000,000
Repayment of shareholder loan	(31,000,000)	(15,000,000)
Drawdown on bank loans	115,100,000	94,500,000
Repayment of bank loans	(117,400,000)	(80,000,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(24,331,239)</b>	(7,500,000)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>11,419,435</b>	(31,693,034)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR</b>	<b>498,864</b>	32,191,898
<b>CASH AND CASH EQUIVALENTS AT THE END OF YEAR</b>	<b>11,918,299</b>	498,864
<b>ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Bank balances and cash — general accounts	25 11,918,299	1,229,275
Bank overdraft	28 —	(730,411)
	<b>11,918,299</b>	498,864

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

## 1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The address of the registered office is disclosed in the corporate information section of the annual report and its principal place of business is Office No. 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

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

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are engaged in the provision of securities, futures and options brokering and trading, loan financing service, placing and underwriting services, securities advisory service and investment holding.

The ultimate holding company of the Group is Zillion Profit Limited, a private company incorporated in the British Virgin Islands with limited liability. Its ultimate controlling party is Ms. Au Suet Ming Clara (“Ms. Au”).

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

### **New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements**

In the current year, the Group has adopted the following new or revised standards and amendments (the “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are or have become effective for the Group’s financial year beginning on 1 April 2016:

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

The adoption of the new HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

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

### New and revised HKFRSs issued but not yet effective

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

HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle <sup>5</sup>
HKFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
HKFRS 4 (Amendments)	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>2</sup>
HKFRS 16	Lease <sup>3</sup>
HKAS 7 (Amendments)	Disclosure Initiative <sup>1</sup>
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
HKAS 40 (Amendments)	Transfer of Investment Property <sup>2</sup>
HK (IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

### HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

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

### New and revised HKFRSs issued but not yet effective (Continued)

#### HKFRS 9 Financial Instruments (Continued)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company (the “Directors”) anticipate that the adoption of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

#### HKFRS 15 Revenue from Contracts with Customers

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

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

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

### HKFRS 15 Revenue from Contracts with Customers (Continued)

- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

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

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

The Directors anticipate that the application of the other new HKFRSs will have no material impact on the consolidated financial statements.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

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

### Basis of preparation

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Basis of preparation** (Continued)

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.

#### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

#### Business combinations

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

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

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Business combinations (Continued)

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

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments in subsidiaries

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

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable arising from financial services and is recognised on the following basis:

- i) Commission income for brokering business of securities, futures and options dealing is recorded as income on a trade-date basis.
- ii) Underwriting commission income, sub-underwriting commission income, placing commission and related handling fee whether on an underwritten or on a best effort basis are recognised when the shares are allotted to the places.
- iii) Interest income represents gross interest income from bank deposits and investments and is recognised on a time apportionment basis, taking into account the principal outstanding and the applicable interest rates.
- iv) Interest income from a financial asset is accrued on a time 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.
- v) Fees for clearing and settlement of trades between Participants in eligible securities transacted on the Stock Exchange are recognised in full on T+1, ie, on the day following the trade day, upon acceptance of the trades. Fees for other settlement transactions are recognised upon completion of the settlement.
- vi) Handling service fees and dividend collection fees are recognised when the agreed services have been provided.
- vii) Securities advisory services fee income and other service income are recognised when the services are rendered.
- viii) Income derived from income right is recognised when the right to receive payment is established.
- ix) Revenue from the exploitation of film right is recognised based upon the contractual terms of each agreement.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Nonmonetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong Dollars) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange difference arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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

#### Borrowing costs

Borrowing costs are interests and other costs (e.g. transaction costs) that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Employee benefits***Retirement benefit costs*

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

*Short-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

*Share-based payment transactions*

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

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Taxation

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

##### *Current tax*

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

##### *Deferred tax*

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

##### *Current and deferred tax for the year*

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**3. SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Plant and equipment**

Plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses if any. Depreciation is recognised so as to write off the cost or valuation of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rate per annum:

Leasehold improvement	50% or remaining lease term
Furniture and equipment	20%
Computer equipment	20%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of 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 the 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 acquired separately and with finite useful lives that are carried at costs less accumulated amortisation and any accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below). Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*Future trading right*

Future trading rights, with which the holders have the rights to trade on the Stock Exchange and Hong Kong Futures Exchange Limited (“HKFE”) are stated at cost less accumulated amortisation and impairment losses. The costs are amortised over 5 years based on the management opinion.

*Film right*

Film right is stated at cost less accumulated amortisation and impairment losses. The cost is amortised over 7 years based on the expected lifespan of the film right with reference to development plan.

*Income right*

Income right is stated at cost less accumulated amortisation and impairment losses. The cost is amortised over 20 years based on the underlying contract period, with reference to contract condition.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Intangible assets (Continued)

##### **Derecognition of intangible assets**

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

##### **Impairment of tangible assets other than goodwill**

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

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 pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

##### **Provisions**

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Cash and cash equivalents**

Cash and cash equivalents include cash at bank and in hand, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. In the consolidated statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

#### **Share capital**

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

#### **Financial instruments**

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

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

#### **Financial assets**

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

#### *Effective interest method*

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

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



### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

###### Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

###### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity. The Group designated investment in corporate bonds as held-to-maturity investments. Corporate bonds are initially recognised on the trade date, the date on which the Group commits to purchase. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, loans receivables, other receivables and deposits) are measured at amortised cost using the effective interest method, less any impairment (see the accounting policy in respect of impairment losses on financial assets below).

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

##### *Impairment of financial assets*

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

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

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

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

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

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit and loss.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### Financial assets (Continued)

###### *Impairment of financial assets (Continued)*

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

##### 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 an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

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

###### *Other financial liabilities*

Other financial liabilities (including trade and other payables, accruals, borrowings and others) are subsequently measured at amortised cost using the effective interest method.

###### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial instruments (Continued)

##### **Derecognition**

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

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

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

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

##### **Segment reporting**

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Related parties

A related party is a person or entity that is related to the Group that is preparing its consolidated financial statements.

- (i) A person, or a close member of that person's family, is related to the Group if that person:
  - (1) has control or joint control of the Group;
  - (2) has significant influence over the Group; or
  - (3) is a member of the key management personnel of the Group or a parent of the Group.
- (ii) An entity is related to the Group if any of the following conditions applies:
  - (1) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third party and the other entity is an associate of the third party.
  - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (6) The entity is controlled or jointly-controlled by a person identified in (i).
  - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Leasing

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

#### *The Group as lessee*

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

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

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

#### **Key sources of estimation uncertainty**

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

#### ***Depreciation and amortisation***

The Group depreciates and amortises the plant and equipment and intangible assets over their estimated useful lives respectively and after taking into account their estimated residual values, using the straight line method. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment and intangible assets. The residual values reflect the Directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

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

##### Impairment loss recognised in respect of trade receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customers' current credit-worthiness, as determined by review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

The Group's provision policy for impairment loss is based on the evaluation of collectability and aging analysis of accounts and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

As at 31 March 2017, the carrying amount of trade receivables HK\$92,464,712 (2016: HK\$101,661,189). Impairment loss of HK\$86,561 is recognised for trade receivables during the year (2016: HK\$nil).

##### Impairment loss recognised in respect of loans receivables

The Group reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group (e.g. payment delinquency or default), or local economic conditions that correlate with defaults on assets in the Group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

As at 31 March 2017, the carrying amounts of loans receivables is HK\$78,672,628 (2016: HK\$87,563,198). No impairment loss is recognised for loans receivables during the year (2016: HK\$6,423,647).

##### Impairment loss recognised in respect of intangible assets

The Directors regularly review the recoverability of the Group's film right and income right with reference to its intended use and current market environment and its expectation of future market conditions. Appropriate impairment for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

In determining whether impairment on film right and income right is required, the Group takes into consideration the distribution and license agreements entered into by the Group and the current market environment to project cash flows expected to be received. Impairment is recognised in the period in which the recoverable amount is less than the carrying amount. The carrying amount of film right as at 31 March 2017 is HK\$nil (2016: HK\$532,800). The carrying amount of income right as at 31 March 2017 is HK\$21,039,733 (2016: HK\$22,236,305). Details are set out in note 18.

In addition, the Group determines whether the intangible asset is impaired on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

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

##### Income and deferred tax

As at 31 March 2017, the Group had estimated unused tax losses of HK\$1,415,745 (2016: HK\$1,478,466) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future.

#### 5. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In addition, a subsidiary of the Group is licensed by the Securities and Futures Commission ("SFC") are obliged to meet the regulatory liquid capital requirements under the Securities and Futures (Financial Resources) Rules ("FRR") at all times.

For the licensed subsidiary, the Group ensures that it maintains a liquid capital level adequate to support the level of activities with sufficient buffer to accommodate for increases in liquidity requirements arising from potential increases in the level of business activities. During the financial year, the licensed subsidiary complied with the liquid capital requirements under the FRR at all times.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

At the end of the reporting period, the Group has total bank borrowings amounting to HK\$12,200,000 (2016: HK\$15,230,411) and, accordingly, the gearing ratio is 4.8% (2016: 6.6%).

The decrease in the gearing ratio during the year resulted mainly from the bank borrowings decreased for the year.

#### 6. FINANCIAL INSTRUMENTS

##### (a) Categories of financial instruments

	2017 HK\$	2016 HK\$
<b>Financial assets</b>		
Financial assets at FVTPL	29,129,947	12,767,413
Held-to-maturity investments	22,000,000	10,000,000
Loans and receivables (including cash and cash equivalents)	216,616,148	251,919,005
	<b>267,746,095</b>	<b>274,686,418</b>
<b>Financial liabilities</b>		
Trade payables	22,765,574	50,028,413
Other payables and accruals	484,721	662,197
Bank borrowings	12,200,000	15,230,411
	<b>35,450,295</b>	<b>65,921,021</b>

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.



## 6. FINANCIAL INSTRUMENTS (Continued)

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

The Group's major financial instruments include trade receivables, loans receivables, other receivables, deposits, financial assets at FVTPL, held-to-maturity investment, bank balances and cash, trade payables, other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, market risk (foreign currency risk, interest rate risk and equity price risk) and liquidity risk.

The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### (i) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to trade receivables due from clients, brokers and clearing houses and loans receivables. Management has a credit policy in place and the exposure to the credit risk is monitored on an on-going basis.

In respect of trade receivables due from clients, individual credit evaluations are performed on all clients including cash and margin clients. Cash clients are required to place deposits as prescribed by the Group's credit policy before execution of any purchase transaction. Receivables due from cash clients are due within the settlement period commonly adopted by the relevant market convention, which is usually within a few days from the trade date. Because of the prescribed deposit requirements and the short settlement period involved, credit risk arising from the trade receivables due from cash clients is considered low. For futures brokering, initial margin is required before opening of a trading position. The Group normally obtains liquid securities as collateral for providing margin financing to its clients. Margin finance loans due from margin clients are repayable on demand. Market conditions and adequacy of securities collateral of each futures account are monitored by management on a daily basis. Margin calls and forced liquidation are made where necessary.

In respect of trade receivables due from brokers and clearing houses, credit risks are considered low as the Group normally enters into transactions with brokers and clearing houses which are registered with regulatory bodies and with sound reputation in the industry.

In respect of loans receivables from clients, the objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. It is the Group's policy that all clients who wish to obtain loans from the Group are subject to management review. Receivables balances are monitored on an ongoing basis, management makes periodic collective assessment as well as individual assessment on the recoverability of loans, loans receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and any other qualitative factors and ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

**6. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)**(i) Credit risk** (Continued)

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client rather than the industry or country in which the clients operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual clients. As at 31 March 2017, 15% (2016: 15%) and 8% (2016: 3%) of the total trade and loans receivables due from clients were from the Group's five largest clients.

Further quantitative data in respect of the collaterals and the Group's exposure to credit risk arising from trade and loans receivables are disclosed in notes 20 and 21.

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

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The Group does not provide any other guarantees which would expose the Group to credit risk.

**(ii) Market risk***Foreign currency risk*

Certain assets of the Group are denominated in foreign currencies which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

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

	2017		2016	
	Assets HK\$	Liabilities HK\$	Assets HK\$	Liabilities HK\$
Renminbi ("RMB")	<u>1,663,338</u>	<u>—</u>	<u>1,631,115</u>	<u>—</u>

*Sensitivity analysis*

The Group is mainly exposed to the effects of fluctuation in HK\$ against RMB.

The following table shows the sensitivity analysis of a 5% (2016: 5%) increase/decrease in HK\$ against RMB, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2017 HK\$	2016 HK\$
Increase/decrease in profit or loss	<u>83,167</u>	<u>81,556</u>

**6. FINANCIAL INSTRUMENTS** (Continued)**(b) Financial risk management objectives and policies** (Continued)**(ii) Market risk** (Continued)*Interest rate risk*

Interest rate risk is the risk of loss due to changes in interest rates. The Group's interest rate risk exposure arises predominantly from margin financing and loans to customers. The margin receivables, loans receivables, bank balances and bank borrowings have exposures to interest rates risk. The Group possesses the legal capacity to initiate recalls efficiently which enables the timely re-pricing of margin loans to appropriate levels, in which those particularly large sensitive positions can readily be identified. Interest spreads are managed with the objective of maximising spreads to ensure consistency with liquidity and funding obligations.

The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

	2017 HK\$	2016 HK\$
<b>Financial instruments bearing variable interest rates in nature</b>		
<b>Assets</b>		
Trade receivables	92,464,712	101,594,451
Loans receivables	78,672,628	87,563,198
Bank balances	20,442,218	9,797,099
<b>Liability</b>		
Bank borrowings	(12,200,000)	(15,230,411)
	<b>179,379,558</b>	<b>183,724,337</b>

## Sensitivity analysis

At 31 March 2017, assuming the Hong Kong market interest rate had been 50 basis points (2016: 50 basis points) higher/lower and all other variables held constant, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2017 HK\$	2016 HK\$
Increase/decrease in profit or loss	<b>896,898</b>	918,622

In management's opinion, the sensitivity analysis is unrepresentative of the market interest rate risk as the year end exposure does not reflect the exposure during the year.

**6. FINANCIAL INSTRUMENTS** (Continued)

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

**(ii) Market risk** (Continued)

*Equity price risk*

The Group is exposed to equity price risk mainly through its investments in listed equity securities and debt securities. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risks at the reporting date.

If the prices of the respective equity instruments had been 5% (2016: 5%) higher/lower, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2017 HK\$	2016 HK\$
Increase/decrease in profit or loss	<u>1,456,497</u>	<u>638,371</u>

**(iii) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the raising of loans to cover expected cash demands, and to ensure compliance with the Financial Resources Rules. The Group's policy is to regularly monitor its liquidity requirement and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Internally generated cash flows and bank borrowings are the source of funds to finance the operations of the Group. The Group's liquidity risk management includes making available standby bank facilities and diversifying the funding sources. The Group regularly reviews the major funding positions to ensure adequate financial resources are available to meet their respective financial obligations.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and funding in the short and longer term. All of the Group's current liabilities are expected to be settled within one year. The carrying amounts of all financial liabilities equal to the contractual undiscounted cash outflow.

As at 31 March 2017, the Group has available banking facilities of HK\$22,300,000 (2016: HK\$19,269,589) which were not utilised, details are disclosed in note 34.

**6. FINANCIAL INSTRUMENTS** (Continued)

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

**(iii) Liquidity risk** (Continued)

The maturity profile of the Group's financial liabilities as at the reporting date, based on the contractual undiscounted cash flows, is as follows:

	Carrying amount <i>HK\$</i>	Total contractual undiscounted cash flow <i>HK\$</i>	On demand or within 1 year <i>HK\$</i>
<b>As at 31 March 2017</b>			
Trade and other payables	23,250,295	23,250,295	23,250,295
Bank borrowings	12,200,000	12,200,000	12,200,000
	<u>35,450,295</u>	<u>35,450,295</u>	<u>35,450,295</u>
<b>As at 31 March 2016</b>			
Trade and other payables	50,690,610	50,690,610	50,690,610
Bank borrowings	15,230,411	15,230,411	15,230,411
	<u>65,921,021</u>	<u>65,921,021</u>	<u>65,921,021</u>

**(c) Financial instruments carried at fair value**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1.

Financial asset	Classified as	Fair value as at		Fair value hierarchy	Basis of fair value measurement/valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
		31 March 2017 <i>HK\$</i>	31 March 2016 <i>HK\$</i>				
Equity securities in Hong Kong	Financial asset at FVTPL	28,243,140	11,769,290	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity security in overseas	Financial asset at FVTPL	886,807	998,123	Level 1	Quoted bid prices in an active market	N/A	N/A

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 7. REVENUE

An analysis of the Group's revenue for the year from continuing operations is as follows:

	2017 HK\$	2016 HK\$
Commission and brokerage fees from securities dealing on the Stock Exchange	7,313,179	8,261,991
Placing and underwriting commission	13,192,744	14,710,587
Commission and brokerage fees from dealing in futures contracts	216,862	183,797
Commission from securities advisory services	1,700,000	600,000
Other service income	102,121	24,869
Clearing and settlement fee	2,018,771	3,898,352
Handling service and dividend collection fees	349,668	783,909
Interest income from		
— clients (including margin clients)	31,965,942	31,441,127
— authorised financial institutions	110,278	157,410
— others	4,831,648	2,421,929
Income derived from		
— income right	2,289,820	2,423,180
— film right	47,520	465,995
Market data subscription income	281,640	—
	<b>64,420,193</b>	<b>65,373,146</b>

See note 9 for an analysis of revenue by major services.

### 8. NET OTHER INCOME, GAINS AND LOSSES

	2017 HK\$	2016 HK\$
Write-off of plant and equipment	—	(446,032)
Net exchange loss	(9,371)	(21,230)
Impairment loss on trade receivables	(86,561)	—
Recovery of (impairment loss on) loans receivables	4,144,486	(6,423,647)
Recovery of other receivables	—	800,000
Impairment loss on intangible assets	(399,600)	(1,146,600)
Sundry income	145,774	76,077
	<b>3,794,728</b>	<b>(7,161,432)</b>

## 9. BUSINESS AND GEOGRAPHICAL SEGMENTS

Information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of services provided. In addition, for 'Securities, futures and options brokering and trading', 'Placing and underwriting', 'Loan financing', 'Securities advisory service' and 'Investment holding' the information reported to the Board is further analysed based on the different classes of customers.

Specifically, the Group's reportable segments under HKFRS 8 are as follows:

Securities, futures and options brokering and trading	Provision of securities and futures brokering services and margin financing
Placing and underwriting	Provision of placing and underwriting services
Loan financing	Provision of money lending service
Securities advisory service	Provision of securities advisory service
Investment holding	Investment income and capital appreciation

The reportable segments have been identified on the basis of internal management reports prepared in accordance with accounting policies conforming to HKFRSs that are regularly reviewed by the CODM.

Segments profit represents profit earned by each segment without allocation of other revenue, central administration costs and finance costs. This is the basis of measurement reported to the CODM for the purposes of resource allocation and assessment of segment performance.

### Business segments

#### Segment revenue and results

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

	2017					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
Segment revenue	<u>24,544,087</u>	<u>13,192,744</u>	<u>17,710,113</u>	<u>1,700,000</u>	<u>7,273,249</u>	<u>64,420,193</u>
Segment results	<u>14,887,178</u>	<u>8,041,200</u>	<u>15,164,300</u>	<u>1,455,601</u>	<u>16,546,074</u>	56,094,353
Net other income, gains and losses						3,794,728
Unallocated other operating expenses						(8,299,680)
Finance costs						(463,633)
Profit before tax						51,125,768
Income tax expenses						(8,383,142)
Profit for the year						<u>42,742,626</u>

**9. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)

**Business segments** (Continued)

**Segment revenue and results** (Continued)

	2016					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
Segment revenue	<u>34,598,264</u>	<u>14,710,587</u>	<u>10,120,989</u>	<u>600,000</u>	<u>5,343,306</u>	<u>65,373,146</u>
Segment results	<u>21,744,235</u>	<u>13,639,251</u>	<u>8,348,004</u>	<u>358,608</u>	<u>(1,754,290)</u>	42,335,808
Net other income, gains and losses						(7,161,432)
Unallocated other operating expenses						(8,049,857)
Finance costs						<u>(334,540)</u>
Profit before tax						26,789,979
Income tax expenses						<u>(5,650,735)</u>
Profit for the year						<u>21,139,244</u>

Revenue reported above represents revenue generated from external customers. There was no inter-segment transactions during the year (2016: HK\$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represents the profit earned by each segment without allocation of net other income, gains and losses, share-based payments, unallocated other operating expenses and finance costs. This is the measure reported to the executive Directors for the purpose of resources allocation and performance assessment.



**9. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)

**Business segments** (Continued)

**Segment assets and liabilities**

	2017					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
<b>Assets</b>						
Segment assets	118,440,913	—	78,726,303	—	77,557,529	274,724,745
Unallocated assets						<u>18,303,002</u>
Total assets						<u><u>293,027,747</u></u>
<b>Liabilities</b>						
Segment liabilities	24,296,361	—	1,288,670	—	6,694,667	32,279,698
Unallocated liabilities						<u>8,473,840</u>
Total liabilities						<u><u>40,753,538</u></u>
	2016					Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	
<b>Assets</b>						
Segment assets	158,672,804	—	83,656,718	—	46,406,145	288,735,667
Unallocated assets						<u>11,791,066</u>
Total assets						<u><u>300,526,733</u></u>
<b>Liabilities</b>						
Segment liabilities	51,814,464	—	319,345	—	355,316	52,489,125
Unallocated liabilities						<u>16,474,786</u>
Total liabilities						<u><u>68,963,911</u></u>

**9. BUSINESS AND GEOGRAPHICAL SEGMENTS** (Continued)

**Business segments** (Continued)

**Segment assets and liabilities** (Continued)

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

- all assets are allocated to reportable segments other than part of other receivables, deposits and prepayments, tax refundable pledged bank deposit and bank balances and cash — general accounts. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to reportable segments other than part of other payables, accruals, bank borrowings, income tax payables and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

**Other information**

	2017							Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Unallocated HK\$		
Additions to plant and equipment	2,335,691	—	—	—	—	—	2,335,691	
Amortisation of intangible assets	—	—	—	—	1,329,772	—	1,329,772	
Depreciation of plant and equipment	755,184	—	9,283	—	—	4,608	769,075	
Impairment loss on trade receivables	86,561	—	—	—	—	—	86,561	
Recovery of loans receivables	(4,144,486)	—	—	—	—	—	(4,144,486)	
Impairment loss on intangible assets	—	—	—	—	399,600	—	399,600	

## 9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

### Business segments (Continued)

#### Other information (Continued)

	2016							Consolidated HK\$
	Securities, futures and options brokering and trading HK\$	Placing and underwriting HK\$	Loan financing HK\$	Securities advisory service HK\$	Investment holding HK\$	Unallocated HK\$		
Additions to plant and equipment	222,691	—	—	—	—	—	222,691	
Amortisation of intangible assets	—	—	—	—	1,616,424	—	1,616,424	
Depreciation of plant and equipment	1,025,346	—	9,281	—	—	24,256	1,058,883	
Write-off of plant and equipment	446,032	—	—	—	—	—	446,032	
Recovery of other receivables	—	—	(800,000)	—	—	—	(800,000)	
Impairment loss on loans receivables	6,359,260	—	64,387	—	—	—	6,423,647	
Impairment loss on intangible assets	—	—	—	—	1,146,600	—	1,146,600	

#### Geographical information

The Group operates in the two principal geographical areas — Hong Kong and the People's Republic of China (the "PRC").

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

	Revenue from external customers		Non-current assets*	
	2017 HK\$	2016 HK\$	2017 HK\$	2016 HK\$
Hong Kong	<b>62,130,373</b>	62,949,966	<b>3,814,047</b>	2,810,726
The PRC	<b>2,289,820</b>	2,423,180	<b>21,039,733</b>	22,236,305
	<b>64,420,193</b>	65,373,146	<b>24,853,780</b>	25,047,031

\* Non-current assets exclude financial instruments and deferred tax assets.

#### Information on major customers

One major customer of the Group accounted for approximately 15% (2016: 19%) of the total revenue during the year ended 31 March 2017. No other single customer contributed 10% or more to the Group's revenue for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

**10. FINANCE COSTS**

	2017 HK\$	2016 HK\$
Interest on bank borrowings wholly repayable within five years	402,125	312,621
Interest on shareholder loan wholly repayable on demand	61,508	21,919
	<b>463,633</b>	<b>334,540</b>

**11. PROFIT BEFORE TAX**

	2017 HK\$	2016 HK\$
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	6,653,075	6,076,118
Auditor's remuneration	570,000	530,000
Depreciation of plant and equipment	769,075	1,058,883
Amortisation of intangible assets	1,329,772	1,616,424
Net gain on trading of financial assets at fair value through profit or loss	(1,549,830)	(621,354)
Net change in fair value of financial assets at fair value through profit or loss	(9,586,564)	5,651,708
Impairment loss on trade receivables	86,561	—
(Recovery of) impairment loss on loans receivables	(4,144,486)	6,423,647
Recovery of other receivables	—	(800,000)
Impairment loss on intangible assets	399,600	1,146,600
Write-off of plant and equipment	—	446,032
Operating lease payments in respect of rented premises	2,244,712	2,823,482

## 12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2017 HK\$	2016 HK\$
Salaries, allowances and other benefits in kind	6,443,742	5,878,584
Defined contribution retirement benefit scheme contributions	209,333	197,534
	<b>6,653,075</b>	<b>6,076,118</b>

## 13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

### (a) Directors' emoluments

The emoluments paid or payable to each of the seven (2016: seven) Directors were as follows:

#### Year ended 31 March 2017

	Fee HK\$	Salaries, allowance and benefit in kind HK\$	Discretionary bonuses HK\$	Defined contribution retirement benefit scheme contributions HK\$	Share-based payment HK\$	Total HK\$
<b>Executive Directors</b>						
Kwok Kin Chung (Chief Executive Officer)	—	881,706	—	18,000	—	899,706
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	553,075	—	18,000	—	571,075
<b>Non-executive Director</b>						
Alexis Ventouras (Chairman)	180,000	—	—	—	—	180,000
<b>Independent non-executive Directors</b>						
Au Yeung Tai Hong Rorce	120,000	—	—	—	—	120,000
Chiu Wai Keung	120,000	—	—	—	—	120,000
Poon Wing Chuen	120,000	—	—	—	—	120,000
	<b>540,000</b>	<b>1,824,781</b>	<b>—</b>	<b>54,000</b>	<b>—</b>	<b>2,418,781</b>

**13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS** (Continued)**(a) Directors' emoluments** (Continued)

Year ended 31 March 2016

	Fee HK\$	Salaries, allowance and benefit in kind HK\$	Discretionary bonuses HK\$	Defined contribution retirement benefit scheme contributions HK\$	Share-based payment HK\$	Total HK\$
<b>Executive Directors</b>						
Kwok Kin Chung (Chief Executive Officer)	—	781,130	—	18,000	—	799,130
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	546,000	—	18,000	—	564,000
<b>Non-executive Director</b>						
Alexis Ventouras (Chairman)	180,000	—	—	—	—	180,000
<b>Independent non-executive Directors</b>						
Au Yeung Tai Hong Rorce	120,000	—	—	—	—	120,000
Chiu Wai Keung	120,000	—	—	—	—	120,000
Poon Wing Chuen	120,000	—	—	—	—	120,000
	<u>540,000</u>	<u>1,717,130</u>	<u>—</u>	<u>54,000</u>	<u>—</u>	<u>2,311,130</u>

**(b) Directors' termination benefits**

During the year ended 31 March 2017, there was no termination benefits received by the Directors (2016: Nil).

**(c) Consideration provided to third parties for making available Directors' services**

During the year ended 31 March 2017, no consideration was paid for making available the services of the Directors (2016: Nil).

**(d) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors**

During the year ended 31 March 2017, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of Directors (2016: Nil).

**(e) Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: Nil).

**13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS** (Continued)**(f) Five highest paid individuals**

During the year, of the five highest paid individuals in the Group, two (2016: two) executive Directors whose emoluments are set out above. The emoluments of the remaining three (2016: three) individuals are as follows:

	2017 HK\$	2016 HK\$
Salaries, allowances and benefit in kind	1,959,892	1,768,897
Discretionary bonuses	—	—
Defined contribution retirement benefit scheme contributions	54,000	53,950
Equity-settled share-based payments	—	—
	<b>2,013,892</b>	<b>1,822,847</b>

The emoluments of the three (2016: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2017	2016
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	—	—
HK\$2,000,001 to HK\$2,500,000	—	—

No emoluments were paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2017 and 2016. None of the Directors and five highest paid individuals of the Company has waived or agreed to waive any emoluments during the year.

**14. INCOME TAX EXPENSES**

	2017 HK\$	2016 HK\$
Hong Kong Profits Tax		
— current year	6,162,544	5,622,548
— (over) under-provision in prior year	(60,000)	608,937
Deferred tax		
— current year (Note 29)	2,280,598	(1,566,266)
— under-provision in prior year	—	985,516
	<b>8,383,142</b>	<b>5,650,735</b>

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 14. INCOME TAX EXPENSES (Continued)

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

	2017 HK\$	2016 HK\$
Profit before tax	<b>51,125,768</b>	26,789,979
Tax at the domestic income tax rate of 16.5% (2016:16.5%)	<b>8,435,752</b>	4,420,346
Tax effect of expenses not deductible for tax purpose	<b>303,531</b>	270,277
Tax effect of income not taxable for tax purpose	<b>(520,185)</b>	(545,430)
Tax effect of temporary difference not recognised	<b>253,494</b>	3,645
Tax effect of tax loss not recognised	<b>104,651</b>	58
Utilisation of tax losses previously not recognised	<b>(10,349)</b>	(92,614)
(Over) under-provision in prior year	<b>(183,752)</b>	1,594,453
Tax expenses for the year	<b>8,383,142</b>	5,650,735

At 31 March 2017, the Group had unused estimated tax losses of HK\$1,415,745 (2016: HK\$1,478,466) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

### 15. DIVIDEND

	2017 HK\$	2016 HK\$
2016 Final dividend paid — HK2.0 cents per share (2015 Final dividend paid — HK2.0 cents per share)	<b>22,000,000</b>	22,000,000

The Board proposed a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2017 (2016: HK2.0 cents). This proposed final dividend is not reflected as a dividend payable as of 31 March 2017, but will be recorded as a distribution of retained profits for the year ending 31 March 2018.



**16. EARNINGS PER SHARE**

	<b>2017</b> <b>HK\$</b>	2016 <b>HK\$</b>
Profit for the year attributable to owners of the Company	<b><u>42,738,543</u></b>	<u>21,090,715</u>
	<b>2017</b>	2016 (Restated)
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>2,200,000,000</b>	2,200,000,000
Effect of dilutive potential ordinary shares: Share options of the Company	<u>—</u>	<u>2,360,515</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b><u>2,200,000,000</u></b>	<u>2,202,360,515</u>

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK\$42,738,543 (2016: HK\$21,090,715) and the weighted average number of ordinary shares of 2,200,000,000 (2016: 2,200,000,000 (restated)) in issue during the year.

Diluted earnings per share is calculated by the adjusted number of shares which represented the weighted average number of ordinary shares deemed to have been issued, assuming the exercise of the share options.

The calculation of diluted earnings per share amount for the year ended 31 March 2017 is based on the profit for the year attributable to owners of the Company of HK\$42,738,543 (2016: HK\$21,090,715) and the weighted average number of 2,200,000,000 (2016: 2,202,360,515 (restated)) dilutive potential ordinary shares in issue during the year.

The computation of diluted earnings per share not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price for shares for 2017.

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the last year has been adjusted for the effect of the bonus shares issue completed on 30 August 2016.

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For the year ended 31 March 2017

**17. PLANT AND EQUIPMENT**

	Leasehold improvement <i>HK\$</i>	Furniture and equipment <i>HK\$</i>	Computer equipment <i>HK\$</i>	Total <i>HK\$</i>
<b>COST</b>				
At 1 April 2015	2,527,413	1,144,804	4,182,487	7,854,704
Additions	2,380	11,649	208,662	222,691
Write-off	(2,527,413)	(420,487)	(203,810)	(3,151,710)
At 31 March 2016 and 1 April 2016	2,380	735,966	4,187,339	4,925,685
Additions	1,613,689	277,485	444,517	2,335,691
Write-off	—	(438)	—	(438)
At 31 March 2017	1,616,069	1,013,013	4,631,856	7,260,938
<b>ACCUMULATED DEPRECIATION</b>				
At 1 April 2015	1,586,871	598,356	3,885,313	6,070,540
Charge for the year	706,597	171,924	180,362	1,058,883
Eliminated upon write-off	(2,292,278)	(226,778)	(186,622)	(2,705,678)
At 31 March 2016 and 1 April 2016	1,190	543,502	3,879,053	4,423,745
Charge for the year	504,585	115,274	149,216	769,075
Eliminated upon write-off	—	(438)	—	(438)
At 31 March 2017	505,775	658,338	4,028,269	5,192,382
<b>NET CARRYING VALUES</b>				
At 31 March 2017	<u>1,110,294</u>	<u>354,675</u>	<u>603,587</u>	<u>2,068,556</u>
At 31 March 2016	<u>1,190</u>	<u>192,464</u>	<u>308,286</u>	<u>501,940</u>

## 18. INTANGIBLE ASSETS

	Income right HK\$	Futures trading right HK\$	Film right HK\$	Total HK\$
<b>COST</b>				
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	23,931,450	348,900	3,807,000	28,087,350
<b>ACCUMULATED AMORTISATION</b>				
At 1 April 2015	498,571	348,900	1,027,232	1,874,703
Charge for the year	1,196,574	—	419,850	1,616,424
At 31 March 2016 and 1 April 2016	1,695,145	348,900	1,447,082	3,491,127
Charge for the year	1,196,572	—	133,200	1,329,772
At 31 March 2017	2,891,717	348,900	1,580,282	4,820,899
<b>ACCUMULATED IMPAIRMENT LOSS</b>				
At 1 April 2015	—	—	680,518	680,518
Impairment loss recognised in profit or loss	—	—	1,146,600	1,146,600
At 31 March 2016 and 1 April 2016	—	—	1,827,118	1,827,118
Impairment loss recognised in profit or loss	—	—	399,600	399,600
At 31 March 2017	—	—	2,226,718	2,226,718
<b>NET CARRYING VALUES</b>				
At 31 March 2017	<u>21,039,733</u>	<u>—</u>	<u>—</u>	<u>21,039,733</u>
At 31 March 2016	<u>22,236,305</u>	<u>—</u>	<u>532,800</u>	<u>22,769,105</u>

The following useful lives are used in the calculation of amortisation:

Income right	20 years
Future trading right	5 years
Film right	7 years

**18. INTANGIBLE ASSETS** (Continued)

The Group's intangible asset in 2017 include three (2016: three) items, which are futures trading rights, film right and income right.

Futures trading rights is the eligibility rights acquired to trade on or through Hong Kong Futures Exchange Limited, are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on straight-line basis over their estimated useful lives of 5 years. Futures trading right was fully amortised as at 31 March 2014.

The management of the Group considered that the film right did not have foreseeable profit, accordingly the Group recognised an impairment loss of HK\$399,600 (2016: HK\$1,146,600) and charged to profit or loss during the year ended 31 March 2017. The value of the film right is HK\$nil (2016: HK\$532,800) as at 31 March 2017.

On 7 November 2014, the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire the income rights of the Photovoltaic Power Plant for 20 years at the consideration of RMB19,000,000 in cash. The appraised value of the income right of approximately RMB21,009,000 (2016: approximately RMB21,787,000) at 31 March 2017 has been arrived at on the basis of a valuation carried out at that day by Ascent Partners Valuation Service Limited, an independent professional valuer not connected to the Group who has appropriate qualifications and recent experience in the valuation of similar income right. The value of income right is determined by discounting a projected cash flow series by using discount rate ranging from 6.8% to 7.7% (2016: 6.4% to 7.1%). The discount rate used is based on the China government bond zero coupon rate plus a risk premium. The effective China government bonds zero coupon rate is expected to be fluctuated across 20 years and therefore no fixed discount rate is applied. The valuation takes into account of the guarantee for the RMB2,000,000 minimum annual fixed income of the following 17.5 years (2016: 18.5 years) from the guarantor and assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general and the business of photovoltaic power plant. Any tax expense generated in PRC from the income would be borne by the vendor.

The estimated recoverable amount of income right was above its carrying amount, accordingly no impairment loss (2016: HK\$nil) is required.

**19. OTHER ASSETS**

	2017 HK\$	2016 HK\$
Admission fee paid to Hong Kong Securities Clearing Company Limited	50,000	50,000
Stamp duty deposit with the Stock Exchange	30,000	75,000
Contributions in cash to a guarantee fund with Hong Kong Securities Clearing Company Limited	50,000	50,000
Compensation fund with the Stock Exchange	50,000	50,000
Fidelity fund with the Stock Exchange	50,000	50,000
Deposit with HKFE Clearing Corporation Limited in contribution to the reserve fund	1,515,491	1,500,986
	<b>1,745,491</b>	<b>1,775,986</b>

**20. TRADE RECEIVABLES**

	2017 HK\$	2016 HK\$
Trade receivables from the business of dealing in securities:		
— Cash clients	2,168,651	573,501
— Margin clients	89,863,095	98,186,750
— Clearing houses and brokers	17,867	2,571,013
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	227,884	131,003
Income receivables from the income right	187,215	198,922
	<b>92,464,712</b>	<b>101,661,189</b>

The settlement terms of trade receivables arising from the business of dealing in securities is two days after the trade date, and trade receivables arising from the business of dealing in futures contracts is one day after the trade date.

Listed securities of clients are held as collateral against secured margin loans. The aggregate fair value of the listed securities at 31 March 2017 held as collateral was HK\$258,752,700 (2016: HK\$188,890,050).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

**20. TRADE RECEIVABLES** (Continued)

The ageing analysis of trade receivables based on the trade day/invoice date and net of impairment loss, as at the reporting date, is as follow:

	<b>2017</b> <b>HK\$</b>	2016 <b>HK\$</b>
Margin clients balances:		
No due date	<b>89,863,095</b>	98,100,189
Past due but not impaired	<u>—</u>	<u>86,561</u>
	<b>89,863,095</b>	98,186,750
Cash clients balances:		
No due date	<b>2,168,651</b>	573,501
Past due	<u>—</u>	<u>—</u>
	<b>2,168,651</b>	573,501
Other balances:		
Not yet due (within 30 days)	<b>432,966</b>	2,900,938
Past due	<u>—</u>	<u>—</u>
	<b>432,966</b>	2,900,938
	<b>92,464,712</b>	101,661,189

Provision of impairment loss on trade receivables:

	<b>2017</b> <b>HK\$</b>	2016 <b>HK\$</b>
Balance at beginning of the year	<b>2,799,690</b>	2,799,690
Impairment loss for the year	<b>86,561</b>	<u>—</u>
Balance at the end of the year	<b>2,886,251</b>	2,799,690

The aging analysis of trade receivables that are past due but not impaired:

	<b>2017</b> <b>HK\$</b>	2016 <b>HK\$</b>
Margin clients balances:		
Past due but not impaired	<u>—</u>	<u>86,561</u>

**20. TRADE RECEIVABLES** (Continued)

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management had set up the credit limit for each individual customer which is subjected to regular review. Any extension of credit beyond the approval limit has to be approved by relevant level of management on an individual basis according to the exceeded amount. The Group has a policy for reviewing impairment of trade receivables without sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement including the current creditworthiness, collateral value and the past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is limited due to the customer base being large and unrelated. The Directors believe that HK\$2,886,251 (2016: HK\$2,799,690) allowance for impairment was necessary as at 31 March 2017.

**21. LOANS RECEIVABLES**

	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Loan advanced and interest receivables	<b>78,672,628</b>	87,563,198
	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Analysed as:		
Current	<b>78,639,077</b>	87,522,834
Non-current	<b>33,551</b>	40,364
	<b>78,672,628</b>	87,563,198

As at 31 March 2017, secured loans with the aggregate principal amount of HK\$55,939,544 (2016: HK\$52,496,738) were secured by listed marketable securities in Hong Kong and overseas, unlisted corporate bonds in Hong Kong and second legal charges in respect of properties located in Hong Kong. The remaining balance of the loans advanced amounting to HK\$19,635,772 (2016: HK\$29,877,736) were unsecured and were provided to independent third parties of the Group.

The fair values of the Group's loans receivables at the end of the reporting period are determined based on the present value of the estimated future cash flows discounted using the prevailing market rates at the end of each reporting period. The fair values of the Group's loans receivables approximate to the corresponding carrying amounts of the loans receivables. The effective interest rates of the Group's loans receivables are 13%–34% per annum. (2016: 13%–34% per annum).

**21. LOANS RECEIVABLES** (Continued)

Listed marketable securities of clients are held as collateral against secured loans receivables. The fair value of the listed securities at 31 March 2017 held as collateral was HK\$128,295,360 (2016: HK\$65,410,413).

As at 31 March 2017, included in the loans receivables were balance of HK\$Nil (2016: HK\$5,188,922) which has been past due but not impaired. Partial repayment was made by the borrowers subsequent to the end of the reporting period.

Provision of impairment loss on loans receivables:

	2017 HK\$	2016 HK\$
Balance at beginning of the year	6,423,647	—
(Recovery of) Impairment loss on loans receivables for the year	(4,144,486)	6,423,647
	<u>2,279,161</u>	<u>6,423,647</u>

The loans receivables have been reviewed by the management to assess impairment which are based on the evaluation of collectability, aging analysis of accounts and on their judgment, including the current creditworthiness and the past collection statistics. Taking into account the creditworthiness of the borrowers, the Directors believed that no allowance for impairment was necessary as at 31 March 2017 (2016: HK\$6,423,647).

**22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	2017 HK\$	2016 HK\$
<b>Non-current asset:</b>		
Rental and utility deposits	<u>708,895</u>	<u>648,945</u>
<b>Current assets:</b>		
Other receivables	867,300	218,418
Utilities and other deposits	416,366	1,434,646
Prepayments	356,867	25,995
	<u>1,640,533</u>	<u>1,679,059</u>



**23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	2017 HK\$	2016 HK\$
Listed securities		
— Equity securities in Hong Kong, at fair value	<b>28,243,140</b>	11,769,290
— Equity security in overseas, at fair value	<b>886,807</b>	998,123
	<b>29,129,947</b>	12,767,413

**24. HELD-TO-MATURITY INVESTMENTS**

The corporate bonds recognised in the consolidated statement of financial position are calculated as follows:

	Unlisted bond ("Bond I") HK\$	Unlisted bond ("Bond II") HK\$	Unlisted bond ("Bond III") HK\$	Unlisted bond ("Bond IV") HK\$	Unlisted bond ("Bond V") HK\$	Total HK\$
Balance at the beginning of the year	5,000,000	5,000,000	—	—	—	10,000,000
Principal value of the Bond on initial recognition	—	—	5,000,000	10,000,000	10,000,000	25,000,000
Principal received	(5,000,000)	(5,000,000)	(3,000,000)	—	—	(13,000,000)
Interest income	200,000	200,000	564,000	1,400,000	1,000,000	3,364,000
Interest received	(200,000)	(200,000)	(564,000)	(1,400,000)	(200,000)	(2,564,000)
Other receivable	—	—	—	—	(800,000)	(800,000)
Balance at the end of the year	<u>—</u>	<u>—</u>	<u>2,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>	<u>22,000,000</u>

During last year, the Group invested in Bond I and II from independent investors at a principal amount of HK\$5,000,000 each, bearing interest rate of 24% per annum and for a period of 1 year from the date of issue. The effective interest rate of Bond I and II are both 26.82% per annum.

During the year, the Group invested in Bond III, IV and V from independent investors at a principal amount of HK\$5,000,000, HK\$10,000,000 and HK\$10,000,000 respectively, bearing interest rate of 24% per annum and for a period of 1 year from the date of issue. The effective interest rate of Bond III, IV and V are both 26.82% per annum.

The outstanding principal amount is redeemable, in whole or in part, of Bond I, II, III, IV and V at any time before the maturity date. The bond issuer of Bond III has early redeemed HK\$3,000,000 during the year.

On initial recognition, the Directors consider that the principal amount of Bond I, II, III, IV and V approximate their fair values.

**25. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT**

	2017 HK\$	2016 HK\$
Bank balances and cash		
— trust accounts	<b>21,567,948</b>	49,163,334
— general accounts and cash	<b>11,918,299</b>	1,229,275
Pledged bank deposit	<b>10,000,000</b>	10,000,000
	<b>43,486,247</b>	60,392,609

The Group maintains segregated trust accounts with licensed banks to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as cash held on behalf of customers under the current assets section of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that one is liable for any loss or misappropriation of clients' monies. The Group is not allowed to use the clients' monies to settle its own obligations.

The general accounts and cash comprise cash held by the Group and bank deposits are bearing interest at commercial rates with original maturity of three months or less. The fair values of these assets at the end of the reporting period approximate their carrying amounts.

Pledged bank deposit represents deposit pledged to bank to secure banking facilities granted to the Group. Deposit amounting to HK\$10,000,000 (2016: HK\$10,000,000) has been pledged to secure bank overdraft and bank loans and is therefore classified as current assets.

**26. TRADE PAYABLES**

	2017 HK\$	2016 HK\$
Trade payables from the business of dealing in securities:		
— Cash clients	<b>16,303,693</b>	31,216,946
— Margin clients	<b>5,343,172</b>	16,381,345
— Clearing houses and brokers	<b>638,700</b>	—
Trade payables from the business of dealing in futures contracts:		
— Margin clients	<b>480,009</b>	2,430,122
	<b>22,765,574</b>	50,028,413

The settlement terms of trade payables arising from the business of dealing in securities are two days after trade date, and trade payables arising from the business of dealing in futures contracts are one day after trade date. No aging analysis is disclosed as in the opinion of the Directors, the aging analysis does not give additional value in view of the nature of this business.

Included in trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK\$21,567,948 (2016: HK\$49,163,334) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

The Directors consider that the carrying amounts of trade payables approximate their fair values.

**27. OTHER PAYABLES AND ACCRUALS**

	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Accrued charges	<b>1,369,773</b>	1,503,193
Stamp duty, trading levies and trading fee payables	<b>324,087</b>	560,025
Other payables	<b>160,634</b>	102,172
	<b>1,854,494</b>	2,165,390

All accrued expenses and other payables are expected to be settled or recognised as expenses within one year.

**28. BANK BORROWINGS**

	<i>Notes</i>	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Bank overdraft	<i>(a)</i>	—	730,411
Bank loans			
— Secured	<i>(b)</i>	<b>7,000,000</b>	5,000,000
— Unsecured	<i>(c)</i>	<b>5,200,000</b>	9,500,000
		<b>12,200,000</b>	15,230,411

(a) Bank overdraft carries interest at rate of 0.75% per annum below the bank's HKD Prime Rate, with secured bank facilities of HK\$5,000,000 (2016: HK\$5,000,000).

(b) Secured bank loan of HK\$7,000,000 (2016: HK\$5,000,000) carries interest at rate of HIBOR plus 2.5% per annum, was drawn under the banking facilities of HK\$15,000,000 (2016: HK\$15,000,000). Pledged bank deposit of HK\$5,000,000 (2016: HK\$5,000,000) represents deposits pledged to banks to secure bank facilities granted to the Group.

(c) Unsecured bank loan of HK\$5,200,000 (2016: HK\$9,500,000) carries interest at rate of HIBOR plus 2.75% per annum, was drawn under the aggregated banking facilities of HK\$9,500,000 (2016: HK\$9,500,000).

The Company provided a corporate guarantee to support these banking facilities to its subsidiaries.

The banking facilities are subject to the fulfilment of covenants. If the Group was to breach the covenants, the drawn down facility would become payable on demand.

The effective interest rate on the bank loan is also equal to the contracted interest rate.

## 29. DEFERRED TAX LIABILITIES/(ASSETS)

The following are the major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting year:

	<b>Depreciation allowances in excess of the related depreciation HK\$</b>	<b>Unrealised loss on financial assets at FVTPL HK\$</b>
At 1 April 2015	(32,271)	—
Underprovision of deferred tax	—	985,516
Charge/(credit) for the year ( <i>note 14</i> )	<u>80,307</u>	<u>(1,646,573)</u>
At 31 March 2016 and 1 April 2016	48,036	(661,057)
Charge for the year ( <i>note 14</i> )	<u>239,305</u>	<u>2,041,293</u>
At 31 March 2017	<u><u>287,341</u></u>	<u><u>1,380,236</u></u>

## 30. SHARE CAPITAL

	<b>Number of Ordinary shares HK\$0.01 each</b>	<b>HK\$</b>
Authorised:		
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	<u><u>5,000,000,000</u></u>	<u><u>50,000,000</u></u>
Issued and fully paid:		
At 1 April 2015, 31 March 2016, 1 April 2016	1,100,000,000	11,000,000
Bonus shares issued ( <i>Note a</i> )	<u>1,100,000,000</u>	<u>11,000,000</u>
At 31 March 2017	<u><u>2,200,000,000</u></u>	<u><u>22,000,000</u></u>

*Note:*

- (a) The Group has issued bonus shares to shareholders on the basis of one bonus share for every one existing share held on 30 August 2016. The bonus shares, upon allotment and issue was credited as fully paid at par by way of capitalisation of an amount equal to the total par value of the bonus shares standing to the credit of the share premium account of the Group.

**31. COMPANY INFORMATION OF FINANCIAL POSITION****(a) Financial information of the financial position of the company**

	2017 HK\$	2016 HK\$
<b>Non-current assets</b>		
Investment in a subsidiary	8	8
Intangible asset	—	532,800
Rental and utility deposits	<b>648,945</b>	648,945
	<b>648,953</b>	1,181,753
<b>Current assets</b>		
Other receivables	<b>37,996</b>	50,000
Amounts due from subsidiaries	<b>190,440,606</b>	193,110,033
Bank balances and cash — general accounts	<b>2,923,385</b>	200,466
	<b>193,401,987</b>	193,360,499
<b>Current liabilities</b>		
Other payables	<b>266,415</b>	322,629
Amount due to a subsidiary	<b>1,946</b>	1,946
Tax payable	—	123,752
	<b>268,361</b>	448,327
<b>Net current assets</b>	<b>193,133,626</b>	192,912,172
<b>Total assets less current liabilities</b>	<b>193,782,579</b>	194,093,925
<b>Capital and reserves</b>		
Share capital	<b>22,000,000</b>	11,000,000
Reserves	<b>171,782,579</b>	183,093,925
<b>Total equity</b>	<b>193,782,579</b>	194,093,925

The statement of financial position was approved and authorised for issue by the Board of Directors on 27 June 2017 and are signed on its behalf by:

**Alexis Ventouras**  
Director

**Kwok Kin Chung**  
Director

**31. COMPANY INFORMATION OF FINANCIAL POSITION** (Continued)**(b) Reserve movement of the Company**

	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Share options reserve HK\$	Retained profits HK\$	Total HK\$
<b>At 1 April 2015</b>	11,000,000	141,963,232	32,500,000	8,275,000	142,131	193,880,363
Profit and total comprehensive income for the year	—	—	—	—	22,213,562	22,213,562
Dividend	—	—	—	—	(22,000,000)	(22,000,000)
<b>At 31 March 2016 and 1 April 2016</b>	11,000,000	141,963,232	32,500,000	8,275,000	355,693	194,093,925
Issue of new shares under the bonus issues	11,000,000	(11,031,239)	—	—	—	(31,239)
Profit and total comprehensive income for the year	—	—	—	—	21,719,893	21,719,893
Dividend	—	—	—	—	(22,000,000)	(22,000,000)
<b>At 31 March 2017</b>	<u>22,000,000</u>	<u>130,931,993</u>	<u>32,500,000</u>	<u>8,275,000</u>	<u>75,586</u>	<u>193,782,579</u>

The Company's reserves available for distribution to its shareholders comprise of share premium, merger reserve, share options reserve and retained profits which in aggregate amounted to HK\$171,782,579 as at 31 March 2017 (2016: HK\$183,093,925). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

**32. SHARE OPTION SCHEME**

The Company has two share option schemes namely, the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and the share option scheme (the "Share Option Scheme") which were adopted on 22 February 2011.

**(a) Pre-IPO Share Option Scheme**

The Company has adopted the Pre-IPO Share Option Scheme on 22 February 2011 under which the Company has conditionally granted options to certain Directors, senior management and employees of the Group to purchase shares of the Company with an exercise price equal to the offer price as defined in the Prospectus dated 28 February 2011.

There are no share options granted, cancelled or lapsed, exercise and outstanding under the Pre-IPO Share Option Scheme as at 31 March 2017 (2016: Nil).

**32. SHARE OPTION SCHEME** (Continued)**(b) Share Option Scheme**

The Company adopted the Share Option Scheme (the “Share Option Scheme”) on 22 February 2011, which was approved by the shareholders’ written resolutions, is valid and effective for a period of 10 years, the remaining life of the Share Option Scheme is 4 years. It is established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.

As at 31 March 2017, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 5% of the total number of shares of the Company as at 31 March 2017.

Under the share option scheme, the Company may grant to directors (the “Directors”) and employees of the Group and any other persons who, in the sole discretion of the Board, have contributed or will contribute to the Group which options granted shall be immediately vested. The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The total number of shares which may be issued upon exercise of all options to be granted under the share option scheme and any other share option scheme of the Company must not in aggregate exceed 10% of the shares in issue at the date of the passing of the relevant ordinary resolution. If any option is to be granted to connected person(s), it must be approved by independent non-executive directors or independent shareholders as the case may be.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme to eligible participants in any 12 months period up to the date of grant shall not exceed 1% of the Shares in issue as the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the approval of shareholders in a general meeting.

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five trading days immediately preceding the date of grant; or (iii) the nominal value of a Share.

**32. SHARE OPTION SCHEME** (Continued)

**(b) Share Option Scheme** (Continued)

The Group has issued bonus shares to the shareholders on the basis of one bonus share for every one existing share, and the shares has issued on 30 August 2016. As a result of the bonus shares issued which was effective on 30 August 2016, the exercise price per share and number of outstanding share options granted on 9 April 2014 were adjusted from HK\$0.455 to HK\$0.2275 and from 50,000,000 to 100,000,000 respectively.

As at 31 March 2017, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 100,000,000 (adjusted for the bonus shares issued), representing 4.55% of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the Share Option Scheme was 110,000,000, representing 5% of the issued shares of the Company. The exercise price per share is HK\$0.2275 (adjusted for the bonus shares issued).

The following table discloses details of the Company's options under the Share Option Scheme held by Directors and employees/consultants and the movements during the year ended 31 March 2017:

Grantees	Date of grant (dd/mm/yyyy)	Exercise price per share HK\$ (Adjusted)	Exercisable period (dd/mm/yyyy)	Balance as at 1 April 2016	Granted	Exercised	Cancelled/ lapsed	Adjustment on Bonus Share Issue	Balance as at 31 March 2017  (Adjusted)
Kwok Kin Chung Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
Yu Linda, Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	10,000,000	—	—	—	10,000,000	20,000,000
			<b>Sub-total</b>	<b>30,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>30,000,000</b>	<b>60,000,000</b>
Employees and Other Participants	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000	40,000,000
			<b>Total</b>	<b>50,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>50,000,000</b>	<b>100,000,000</b>
Weighted average exercise price				0.455	—	—	—	0.2275	0.2275



**33. RETIREMENT BENEFIT PLANS**

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, with a maximum monthly contribution of HK\$1,500 per person. Contributions to the plan vest immediately.

**34. BANKING FACILITIES**

At the end of the reporting period, the Group has the follow overdraft and bank loans facilities:

	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Overdraft facilities	<b>10,000,000</b>	10,000,000
Revolving loan facilities	<b>24,500,000</b>	24,500,000
	<b>34,500,000</b>	34,500,000
Facilities utilised	<b>12,200,000</b>	15,230,411

Bank fixed deposits amounting to HK\$10,000,000 (2016: HK\$10,000,000) have been pledged and corporate guarantee from the Company to secure the banking facilities granted to the Group. As at 31 March 2017, the Group has available banking facilities of HK\$22,300,000 (2016: HK\$19,269,589) which were not utilised.

**35. OPERATING LEASES 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 in respect of rented premises which fall due as follows:

	<b>2017</b> <b>HK\$</b>	2016 <i>HK\$</i>
Within one year	<b>2,738,280</b>	2,507,880
In the second to fifth year inclusive	<b>2,129,405</b>	4,493,285
	<b>4,867,685</b>	7,001,165

Operating lease payments represent rental payable by the Group for its office premises. Operating leases are negotiated and payments are for 3 years (2016: 3 years).

### 36. TRANSACTION WITH NON-CONTROLLING INTERESTS

The Company acquired an additional 9% equity interest in Capital Global (BVI) Limited and its subsidiary during the year. Capital Global (BVI) Limited became a wholly-owned subsidiary of the Company upon completion of this acquisition.

The carrying amount of the non-controlling interest in Capital Global (BVI) Limited on the date of acquisition was HK\$112,519 which recognised within equity.

### 37. CAPITAL COMMITMENTS

As at 31 March 2017, the Group had no capital commitments contracted but not provided in the consolidated financial statements (2016: HK\$194,800).

### 38. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Group and other related parties are disclosed below.

- (a) During the year, the Group entered into the following transactions with related parties. The transactions were carried out at estimated market prices determined by the Directors.

Name of related party	Relationship	2017 HK\$	2016 HK\$
Commission and brokerage income from securities trading:			
— Ms. Au and her associate	Substantial shareholder	15,266	40,468
— CAAL Capital Limited	Wholly-owned by Ms. Au	928,494	540,000
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	—	615,000
— Au Yik Fei	Associate of Ms. Au	100	10,143
— Au Nim Bing	Associate of Ms. Au	—	681
— Au Yuk Kit	Associate of Ms. Au	240	2,374
— Yu Linda	Director	50	—
Interest expenses on shareholder loan			
— Zillion Profit Limited	Ultimate holding company	<b>(61,508)</b>	<b>(21,919)</b>

**38. RELATED PARTY TRANSACTIONS** (Continued)

- (b) Included in trade receivables and payables arising from the business of dealing in securities and futures contracts are amounts due from/(to) certain related parties, the net balance of which are as follows:

Name of related party	Relationship	2017 HK\$	2016 HK\$
Trade receivables (payables)			
— Ms. Au	Substantial shareholder	(548,022)	(5,312,916)
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	(1,529,566)	(8,638,766)
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	(15,572)	(8,481)
— Au Yik Fei	Associate of Ms. Au	65,650	62,349
— Au Yuk Kit	Associate of Ms. Au	(963)	(19,637)
— Kitty Au Nim Bing	Associate of Ms. Au	(64,743)	(43,701)
— C.L. Management Services Limited	Wholly-owned by Ms. Au	—	(719)

The fair values of the balances included in the accounts at the end of the reporting period approximate the corresponding carrying amounts.

The settlement terms with related parties arising from the business of dealing in securities are two days after trade date, and the settlement terms with related parties arising from the business of dealing in futures contracts are one day after trade date. The settlements terms are the same as those with third parties.

Included in trade payables are cash placed with the Group by the related parties in its trust account, which would be settled upon request or when the related party ceased to trade with the Group.

- (c) The remuneration of Directors of the Group (representing key management personnel) during the year was as follows:

	2017 HK\$	2016 HK\$
Short-term benefits	2,364,781	2,257,130
Post-employment benefits	54,000	54,000
Equity-settled share-based payments	—	—
	<b>2,418,781</b>	<b>2,311,130</b>

- (d) Shareholder loan

During the year, the Group entered into a loan agreement with its shareholder, Zillion Profit Limited, the movement of the shareholder loan:

	2017 HK\$	2016 HK\$
Balance at the beginning of the year	—	—
Loan raised from the shareholder	31,000,000	15,000,000
Loan repaid to the shareholder	(31,000,000)	(15,000,000)
Balance at the end of the year	—	—

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2017

### 39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ operation	Paid up capital/ Ordinary share capital	Attributable equity interest and voting power of the Group				Principal activities
			Directly		Indirectly		
			2017	2016	2017	2016	
CL Group (BVI) Limited	British Virgin Islands	Ordinary share US\$1	100%	100%	—	—	Investment holding
Cheong Lee Securities Limited	Hong Kong	Paid up capital HK\$40,000,000	—	—	100%	100%	Provision of securities and futures brokerage and trading, placing and underwriting services, loan and financing service and securities advisory services
CL Asset Management Limited	Hong Kong	Paid up capital HK\$500,000	—	—	100%	100%	Investment holding
Green Wealth Group Limited	British Virgin Islands	Ordinary share US\$1	—	—	100%	100%	Investment holding
Blooming Business Holdings Limited	British Virgin Islands	Ordinary share US\$1	—	—	100%	100%	Investment holding
CLC Finance Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Provision of money lending service
CLC Immigration Consulting Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Inactive
Capital Global (BVI) Limited	British Virgin Islands	Ordinary share US\$100	—	—	100%	91%	Investment holding
Capital Global Wealth Management Limited	Hong Kong	Paid up capital HK\$100,000	—	—	100%	91%	Provision of wealth management service
Million Genius Investment Limited	Hong Kong	Paid up capital HK\$1	—	—	100%	100%	Inactive

### 40. COMPARATIVE FIGURES

Earnings per share figures have been restated to conform with current year's presentation.

# FINANCIAL SUMMARY

For the year ended 31 March 2017

	2017 HK\$	2016 HK\$	2015 HK\$	2014 HK\$	2013 HK\$
<b>Results</b>					
<b>Revenue</b>	<b>64,420,193</b>	65,373,146	50,573,547	45,739,589	48,546,509
Profit from operations	<b>51,589,401</b>	27,124,519	27,626,365	29,538,764	27,096,231
Finance cost	<b>(463,633)</b>	(334,540)	(29,632)	(206,772)	—
Profit before tax	<b>51,125,768</b>	26,789,979	27,596,733	29,331,992	27,096,231
Income tax expenses	<b>(8,383,142)</b>	(5,650,735)	(4,971,853)	(4,528,380)	(4,602,219)
Profit for the year	<b>42,742,626</b>	21,139,244	22,624,880	24,803,612	22,494,012
Profit (loss) for the year attributable to:					
Owners of the Company	<b>42,738,543</b>	21,090,715	22,675,357	24,784,305	22,491,674
Non-controlling interests	<b>4,083</b>	48,529	(50,477)	19,307	2,338
	<b>42,742,626</b>	21,139,244	22,624,880	24,803,612	22,494,012
		(Restated)			
Basic earnings per share (HK cents)	<b>1.94</b>	0.96	2.06	2.47	2.25
<b>Assets and liabilities</b>					
Total assets	<b>293,027,747</b>	300,526,733	298,659,888	274,210,611	221,194,952
Total liabilities	<b>40,753,538</b>	68,963,911	66,236,310	50,686,913	33,058,316
Shareholders' funds	<b>252,274,209</b>	231,562,822	232,423,578	223,523,698	188,136,636