

# GreaterChina Professional Services Limited

## 漢華專業服務有限公司

Stock Code: 8193

(Incorporated in the Cayman Islands with limited liability)



ANNUAL REPORT  
**2018**

## **CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE" AND THE "GEM", RESPECTIVELY)**

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

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*This report, for which the directors (the "Directors") of GreaterChina Professional Services Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (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.*

*This report, in both English and Chinese versions, is available on the Company's website at [www.gca.com.hk](http://www.gca.com.hk).*



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ip Kwok Kwong (*Managing Director*)  
Mr. Wu Di  
Mr. Yip Chung Wai, David (resigned as the Chairman and Executive Director on 9 May 2017)

#### Non-executive Director

Ms. Yang Yan (appointed on 7 November 2017)  
Ms. Ma Lin (resigned on 7 November 2017)

#### Independent Non-executive Directors

Mr. Cheung Ka Chun (appointed on 8 January 2018)  
Mr. So Kwok Yun (appointed on 15 December 2017)  
Mr. Tang Wai Kee (appointed on 28 September 2017)  
Mr. Tso Ping Cheong, Brian (resigned on 8 January 2018)  
Mr. Chu Siu Lun, Ivan (resigned on 15 December 2017)  
Mr. So Chung Shing (resigned on 28 September 2017)

### BOARD COMMITTEES

#### Audit Committee

Mr. Cheung Ka Chun (*Chairman*) (appointed on 8 January 2018)  
Mr. So Kwok Yun (appointed on 15 December 2017)  
Mr. Tang Wai Kee (appointed on 28 September 2017)  
Mr. Tso Ping Cheong, Brian  
(ceased to act as the Chairman on 8 January 2018)  
Mr. Chu Siu Lun, Ivan (ceased to act on 15 December 2017)  
Mr. So Chung Shing (ceased to act on 28 September 2017)

#### Remuneration Committee

Mr. So Kwok Yun (*Chairman*) (appointed on 15 December 2017)  
Mr. Ip Kwok Kwong  
Mr. Cheung Ka Chun (appointed on 8 January 2018)  
Mr. Tang Wai Kee (appointed on 28 September 2017)  
Mr. Wu Di (appointed on 10 May 2017)  
Mr. Tso Ping Cheong, Brian (ceased to act on 8 January 2018)  
Mr. Chu Siu Lun, Ivan  
(ceased to act as the Chairman on 15 December 2017)  
Mr. So Chung Shing (ceased to act on 28 September 2017)  
Mr. Yip Chung Wai, David (ceased to act on 9 May 2017)

#### Nomination Committee

Mr. Tang Wai Kee (*Chairman*)  
(appointed on 28 September 2017)  
Mr. Ip Kwok Kwong  
Mr. Cheung Ka Chun (appointed on 8 January 2018)  
Mr. So Kwok Yun (appointed on 15 December 2017)  
Mr. Wu Di (appointed on 10 May 2017)  
Mr. Tso Ping Cheong, Brian (ceased to act on 8 January 2018)  
Mr. Chu Siu Lun, Ivan (ceased to act on 15 December 2017)  
Mr. So Chung Shing  
(ceased to act as the Chairman on 28 September 2017)  
Mr. Yip Chung Wai, David (ceased to act on 9 May 2017)

### COMPANY SECRETARY

Mr. Kwok Siu Man (*a fellow member of The Hong Kong Institute of Chartered Secretaries*)

### COMPLIANCE OFFICER

Mr. Ip Kwok Kwong

### AUTHORISED REPRESENTATIVES

Mr. Ip Kwok Kwong  
Mr. Kwok Siu Man (appointed on 8 January 2018)  
Mr. Tso Ping Cheong, Brian (ceased to act on 8 January 2018)

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
OCBC Wing Hang Bank Limited

### INDEPENDENT AUDITOR

ZHONGHUI ANDA CPA Limited, *Certified Public Accountants*

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P. O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## CORPORATE INFORMATION

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 2703, 27th Floor  
Shui On Centre  
6–8 Harbour Road  
Wanchai  
Hong Kong

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### CORPORATE WEBSITE

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

### STOCK CODE

8193

## MANAGING DIRECTOR'S STATEMENT

Dear Shareholders,

On behalf of the board of Directors (the "Board"), I present the annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018 (the "Year").

### RESULTS

During the Year, the Group recorded a revenue of approximately HK\$59.3 million, representing a decrease of approximately 5.9% as compared to that of last financial year. Loss attributable to owners of the Company was approximately HK\$176.7 million, representing an increase of approximately 42.2% as compared to that of last financial year. The increase in loss attributable to owners of the Company was mainly due to the fair value loss on financial assets at fair value through profit or loss of approximately HK\$28.5 million (2017: approximately HK\$22.8 million) and loss on disposal of financial assets at fair value through profit or loss of approximately HK\$64.0 million (2017: approximately HK\$19.4 million).

### BUSINESS OF THE GROUP

The Group's business can be broadly categorised into four main sectors: (i) asset advisory services and asset appraisal, (ii) corporate services and consultancy, (iii) media advertising and (iv) financial services. Detailed discussion of the business and performance of each sector are set out in management discussion and analysis of this annual report.

### OUTLOOK

Looking ahead, the revenue growth from the sectors of asset advisory and corporate consultancy services has resumed as compared with previous years. The upward trend remains promising with a steady demand for professional commercial services in the People's Republic of China (the "PRC"), Taiwan, Hong Kong and Macau (together, the "Greater China"). As companies in Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo reform, listing and merger and acquisition, the need for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain high. In view of the Group's existing competitive advantages and market position in its core business segments, the Group is confident that our experienced professional teams and provision of convenient one-stop professional services will keep us well-positioned to capture the surging business opportunities.

Despite the decrease in revenue in media advertising was mainly due to the keen competition in the media advertising industry in the PRC and demand of new advertising channels, the Group will constantly seek new customers.

Furthermore, the Group completed an acquisition of a 95% equity interest of a licenced corporation under the Securities and Futures Ordinance, Chapter 571 of laws of Hong Kong (the "SFO") to carry out Type 1 (dealing in securities) regulated activity during the year ended 31 March 2017. With the expansion of its operations to the financial services businesses, the Group believes that its income source would further increase. Along with the financial resources on hand, the Group will continue to seek investment and business opportunities relating to financial services, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the shareholders of the Company (the "Shareholders").

### APPRECIATION

On behalf of the Board, I would like to express my gratitude to our Shareholders, Directors and business partners for their continued support and trust. I would also like to thank all of our management and staff for their diligence and contributions to the Group.

**Ip Kwok Kwong**

*Managing Director and Executive Director*

Hong Kong, 25 June 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS AND FINANCIAL REVIEW

### Results of the Group

The Group's revenue for the Year was approximately HK\$59.3 million (2017: approximately HK\$63.0 million), representing a decrease of approximately 5.9% from that of 2017. The decrease in the Group's revenue during the Year was mainly attributable to the decrease in media advertising income during the Year.

The Group's cost of sales mainly consists of direct labour cost, material cost and sub-contracting charges. During the Year, the Group's cost of sales was approximately HK\$22.2 million (2017: approximately HK\$22.1 million), which remained steady.

The Group's other income mainly consists of sub-leasing income, services fee income and management fee income. During the Year, the other income was approximately HK\$4.6 million (2017: approximately HK\$5.0 million), representing a decrease of approximately 8.0% from that of 2017.

The Group's administrative expenses for the Year were approximately HK\$63.5 million (2017: approximately HK\$41.4 million), representing an increase of approximately 53.4% from those of 2017. The increase during the Year was in line with the Group's intension of expansion in operation and was mainly attributable to share-based payment recorded during the Year.

The Group's net fair value loss on financial assets at fair value through profit or loss and loss on disposal of financial assets at fair value through profit or loss for the Year were approximately HK\$92.5 million (2017: approximately HK\$42.2 million). The increase was due to the loss on (i) listed equity securities of WLS Holdings Limited ("WLS") (approximately HK\$43.3 million) and Major Holdings Limited ("MHL") (approximately HK\$18.5 million); and (ii) convertible bonds issued by China e-Wallet Payment Group Limited ("e-Wallet") (approximately HK\$25.2 million).

The Group's finance costs for the Year were approximately HK\$7.0 million (2017: approximately HK\$5.4 million), representing an increase of approximately 29.6% from that of 2017. The increase was mainly attributable to the interest expenses being recognised arising from the issuance of new promissory notes by the Company on 31 March 2017.

The loss attributable to owners of the Company for the Year was approximately HK\$176.7 million (2017: approximately HK\$124.3 million). The increase in the loss of approximately HK\$52.4 million was mainly attributable to the fair value change on financial assets at fair value through profit or loss and loss on disposal of financial assets at fair value through profit or loss, which collectively amounted to approximately HK\$92.5 million.

### Results of the segments

#### *Asset Advisory Services and Asset Appraisal*

Asset advisory services and asset appraisal are the core business of the Group, which typically involves provision of independent valuation services to a number of listed groups to meet market, regulatory and fiduciary requirements, sourcing and identifying potential investment opportunities or investors, undertaking due diligence and evaluation on the underlying assets and provision of procedural and strategic business advices. Such services income is primarily success-based or project-based nature. Revenue from asset advisory services and asset appraisal during the Year increased to approximately HK\$41.9 million from approximately HK\$37.8 million for the year ended 31 March 2017, representing an increase of approximately 10.8%. This was primarily due to the increase in number of engagements during the Year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Corporate Services and Consultancy*

The corporate services and consultancy segment mainly focuses on provision of advice to corporations in areas such as corporate governance, internal control, enterprise risk management and other operational aspects as well as provision of back office administration. Owing to its non-recurring nature, revenue generated from the provision of corporate services and consultancy during the Year was approximately HK\$2.5 million (2017: HK\$1.3 million).

The revenue from asset advisory services and asset appraisal, and corporate services and consultancy are primarily generated from mandates on a project-by-project basis, each of which may vary in scope, size and complexity of services to be rendered. In addition, the terms and conditions of each mandate, including its payment schedule, are negotiated and determined on a project-by-project basis. For asset appraisal, fees are payable by stage payment based on milestone agreed with clients. If the underlying project does not reach any particular milestone, the Group will not be entitled to the corresponding service fee. Fees charged by the Group in respect of its asset advisory services and corporate consultancy business to a large extent are success-based or performance-based. If a project cannot be carried through to completion, or there is no successful underlying transaction, or performance target cannot be attained, or where the project is put on hold by client, the Group will not be entitled to such portion of the fees even if a substantial amount of time and effort has been expended. As a result, the income and profitability of the Group may be unpredictable. Through the Group's continuous expansion of its operation, the client base and income source would be diversified and increase to minimise the risk of such uncertainties.

### *Media Advertising*

Advertising income is generated mainly through its in-elevator poster frames network and liquid-crystal-display network inside elevators or lift lobbies of the middle to high-end residential communities. This business segment brought approximately HK\$1.5 million advertising income to the Group during the Year, representing a decrease of approximately 89.7% as compared to that of the year ended 31 March 2017. The decrease in the advertising income was mainly due to keen competition in the media advertising industry in the PRC and demand of new advertising channels. Provision for impairment of goodwill amounting to approximately HK\$42.9 million was recorded in consolidated statement of profit or loss for the Year. Details of the valuation are set out in note 18 to the consolidated financial statements included in this annual report.

### *Financial Services*

The financial services segment mainly represents the provision of services relating to the dealing in securities via a licensed corporation under the SFO via an indirect subsidiary, provision of money lending services via an indirect subsidiary and provision of gold trading services via an associate of the Company.

The provision of services relating to the dealing in securities mainly involves provision of Type 1 (dealing on securities) regulated activities and services under the SFO while the money lending business mainly involves provision of financial credit services such as personal loans and commercial loans to individuals and corporations.

In August 2017, the Group disposed of all its 49% equity interest in Boxin Holdings Limited (the "Boxin Holdings", together with its wholly-owned subsidiary, the "Boxin Group" or the "Associate") which was an associate of the Company prior to the completion of such disposal and was principally engaged in trading and exchange of gold and silver and provision of consultancy or agency services in Hong Kong. After the disposal, the Group has no interest in Boxin Group. For details, please refer to the "MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES" below.

As a result, such sector contributed approximately HK\$13.3 million to the Group's revenue, representing an increase of approximately 41.5% as compared to that of the year ended 31 March 2017. Such increase was mainly due to full year effect of income from the provision of services relating to the dealing in securities.



# MANAGEMENT DISCUSSION AND ANALYSIS

## REVIEW ON PROVISION OF FINANCIAL ASSISTANCE

On 31 March 2017, the Group granted a loan facility of HK\$64.0 million at an interest rate of 8% per annum for a term of 24 months to a customer, an independent third party which executed a second mortgage over a property in favour of the Group as security in connection with the loan. For further details, please refer to the Company's announcement dated 31 March 2017. As at 31 March 2018, HK\$64.0 million had been drawn and was subsequently repaid. The Group has nil outstanding amount of loan and interest receivable in relation to the aforementioned loan.

## FUTURE PROSPECT

Looking ahead, the revenue growth from the sectors of asset advisory and corporate consultancy services has resumed as compared with previous years. The upward trend remains promising with a steady demand for professional commercial services in the Greater China. As companies in the Greater China, especially in the PRC, continue to expand in corporate size, operational complexity and geographical diversification as well as undergo reform, listing and merger and acquisition, the need for a leading professional advisor on asset value, procedures and regulations, as well as investment matching is expected to remain high. In view of the Group's existing competitive advantages and market position in the core business segments, the Group is confident that its experienced professional teams and provision of convenient one-stop professional services will keep it well-positioned to capture the surging business opportunities.

Despite the decrease in revenue in media advertising which was mainly due to the keen competition in the media advertising industry in the PRC and demand of new advertising channels, the Group will constantly seek new customers.

Furthermore, the Group completed an acquisition of a 95% equity interest of a licenced corporation under the SFO to carry out Type 1 (dealing in securities) regulated activity during the year ended 31 March 2017. With the expansion of its operations to the financial services businesses, the Group believes that its income source would further increase. Along with the financial resources on hand, the Group will continue to seek investment and business opportunities relating to financial services, with a view to achieving a sustainable growth, increasing profitability and ultimately maximising the return to the Shareholders.

## FOREIGN EXCHANGE EXPOSURE

The majority of the Group's businesses is carried out in Hong Kong and the PRC and is denominated in Hong Kong dollars ("HK\$"), Renminbi ("RMB"), and United States dollars. The Group is of the opinion that its exposure to foreign exchange rate risk is limited. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure closely and will consider hedging significant foreign currency exposure should the need arise.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group had bank and cash balances of approximately HK\$17.7 million (2017: approximately HK\$89.7 million). Bank and cash balances were mainly denominated in HK\$ and RMB. As at 31 March 2018, the Group had net current assets of approximately HK\$240.2 million (2017: approximately HK\$315.2 million). Current ratio as at 31 March 2018, as calculated based on dividing current assets by current liabilities, was 5.8 (2017: 3.8).

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's operations and investments are financed principally by revenue generated from business operations, available bank balances and the net proceeds from placing new shares under general mandate granted by the Shareholders at general meetings during the Year. As at 31 March 2018, the Group had total borrowings (comprising borrowings and promissory notes) of approximately HK\$57.7 million (2017: approximately HK\$123.0 million) and a net gearing ratio, which is defined as net debt (total borrowings net of cash and bank balances) over total equity of 0.12 (2017: 0.08) was resulted. The borrowings represented bank loan of approximately HK\$2.0 million (2017: approximately HK\$1.5 million), bank overdrafts of approximately HK\$1.7 million (2017: Nil) and as at 31 March 2017, the Group had other loan repayable within 1 year of HK\$2 million. The bank loan were denominated in HK\$ and carried an average annual interest rate of 2.5% (2017: denominated in RMB and carried an average annual interest rate of 7.32%) and the bank overdrafts were denominated in HK\$ and carried an average annual interest rate of 4.5% (2017: Nil), while the other loan repayable within 1 year as at 31 March 2017 was denominated in HK\$ and the interest was charged at 18% per annum. The promissory notes were denominated in HK\$ and interest-bearing from 3% to 7.6% (2017: 3% to 7.6%) per annum. For details of promissory notes, please refer to the "CAPITAL STRUCTURE" below.

### CAPITAL STRUCTURE

Details of the Company's share capital are set out in note 34 to the consolidated financial statements included in this annual report. The capital structure of the Group and major fund raising activities during the Year are summarised as below:

#### Issue of Placing Shares and Use of Proceeds

On 22 December 2017, an aggregate of 971,590,000 new ordinary shares of the Company (the "Shares") (with an aggregated nominal value of HK\$9,715,900) were successfully placed to not less than six placees at a price of HK\$0.05 each (the "Placing") (representing a discount of 2.0% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the date of the placing agreement for the Placing) under a general mandate granted by the Shareholders at its annual general meeting held on 25 September 2017 for a total consideration of approximately HK\$48.6 million. The net proceeds from the Placing (after deducting related placing commissions and related expenses to an indirect subsidiary of the Company) were approximately HK\$47.1 million and the Company intended to use such proceeds for general working capital of the Group. The net issue price of each Share subject to the Placing is approximately HK\$0.049. The reason for the Placing is to strengthen the financial position of the Group, provide working capital and additional resources to the Group to meet any future development and obligations. As at the date of this annual report, approximately HK\$47.1 million of the net proceeds has been utilised for general working capital.

Details of the Placing were disclosed in the Company's announcements dated 28 November 2017 and 22 December 2017.

#### Early Redemption of Promissory Notes

On 31 March 2017, the Company issued promissory notes in an aggregate principal amount of approximately HK\$67.4 million (the "2017 PN"), details of which are set out in the Company's announcement dated 31 March 2017. On 25 October 2017, the full principal amount of the 2017 PN together with accrued interest thereon was early redeemed by the Company and settled from the net proceeds from the repayment of loan from a customer.

#### Renewal of Promissory Notes

On 13 November 2014, the Company issued promissory notes in an aggregate principal amount of HK\$110.0 million (the "2014 PN") for the acquisition of a 80% equity interest in Golden Vault Limited. On 23 October 2015, an aggregate principal amount of HK\$90.0 million of the 2014 PN together with accrued interest thereon were early redeemed by the Company and settled by the net proceeds from the placing and the subscription of the Shares. Details of such redemption are set out in the Company's announcement dated 23 October 2015. In March 2018, the Company has renewed the outstanding portion of 2014 PN with the holder for an extension of 3 years at an interest rate of 3% per annum.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 22 October 2015, the Company issued promissory notes in an aggregate principal amount of HK\$34,000,000 (the "2015 PN") for the acquisition of an additional 19% of the entire issued share capital of Boxin Holdings.

During the Year, the 2015 PN were extended for three years on 3 November 2017 to 3 November 2020 at an interest rate of 3% per annum.

### CAPITAL COMMITMENT

As at 31 March 2018 and 2017, the Group did not have any significant capital commitments.

### OPERATING LEASE COMMITMENTS

The Group's operating lease commitments are primarily related to the leases of its office premises, and amounted to approximately HK\$5.2 million and HK\$12.2 million as at 31 March 2018 and 2017, respectively.

### SIGNIFICANT INVESTMENTS HELD

As at 31 March 2018, the Group's financial assets at fair value through profit or loss ("FVTPL"), with market value of approximately HK\$57.9 million (2017: approximately HK\$143.2 million), represented investment portfolio of 6 equity securities listed in Hong Kong (31 March 2017: 9 equity securities listed in Hong Kong and 1 convertible bond issued by a company listed in Hong Kong). Details of the financial assets at FVTPL were set out as follows:

Name of securities	Percentage of shareholding interest	As at 31 March 2018		Percentage to the net assets	For the Year ended 31 March 2018		As at 31 March 2017
		Fair value/ carrying value HK\$'000	Percentage to the financial assets at FVTPL		Realised loss HK\$'000	Unrealised (loss)/gain HK\$'000	Fair value/ carrying value HK\$'000
MHL (Stock code: 1389) (Note 1)	N/A	N/A	N/A	N/A	(18,460)	–	21,208
WLS (Stock code: 8021) (Note 2)	2.90%	19,968	34.5%	6.1%	(4,013)	(39,276)	59,323
e-Wallet (Stock code: 802) (Note 3)	2.19%	24,000	41.5%	7.4%	–	9,000	N/A
Convertible bonds issued by e-Wallet	N/A	N/A	N/A	N/A	(25,200)	–	40,200
China Kingstone Mining Holdings Limited ("Kingstone") (Stock code: 1380) (Note 4)	1.92%	4,240	7.3%	1.3%	–	(1,403)	N/A
China 33 Media Group Limited ("China 33") (Stock code: 8087) (Note 5)	3.13%	9,000	15.5%	2.8%	–	5,030	N/A
Other investments (Notes 6 and 7)		680	1.2%	0.2%	(16,343)	(1,849)	22,467
		57,888	100%	17.8%	(64,016)	(28,498)	143,198

Notes:

- MHL is principally engaged in sale and distribution of premium wine and spirits products and wine accessory products in Hong Kong.
- WLS is principally engaged in the provision of scaffolding and fitting-out services, management contracting services, other services for construction and buildings work, money lending business and trading of securities in Hong Kong.
- e-Wallet is principally engaged in the provision of biometric and RFID products and solution services internet and mobile application and related services.
- Kingstone is principally engaged in the production and sales of marble and marble related products in China.
- China 33 is principally engaged in printed media advertising, outdoor advertising and film and entertainment investment.
- The carrying value of each of these investments represented less than 1% of the net assets of the Group as at 31 March 2018.
- The Group had less than 1% of the shareholding interest in each of these investments as at 31 March 2018.

## MANAGEMENT DISCUSSION AND ANALYSIS

During the Year, the Group recorded a realised loss of approximately HK\$64.0 million (2017: HK\$19.4 million) and an unrealised loss of approximately HK\$28.5 million (2017: unrealised loss of HK\$22.8 million). Save for the realised loss of approximately HK\$25.2 million from the investment in convertible bonds issued by e-Wallet, the overall fair value loss on the listed equity securities held was mainly due to the volatile stock market conditions during the Year.

The future performance of the equity securities may be influenced by the Hong Kong stock market. In this regard, the Group will continue to maintain a diversified investment portfolio and closely monitor the performance of its investments and the market trends to adjust its investment strategies.

Save as disclosed above, there were no other significant investments held as at 31 March 2018.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

In August 2017, the Group disposed of all its 49% of equity interest in Boxin Holdings, an associate of the Company prior to the completion of such disposal, which is principally engaged in trading and exchange of gold and silver, to the then shareholders of Boxin Holdings for a total consideration of HK\$2.4 million. After the completion of the disposal, the Group has no interest in Boxin Holdings.

Saved as disclosed above, there were no other material acquisitions and disposals of subsidiaries or affiliated companies during the Year.

### FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group did not have other plans for material investments and capital assets as of 31 March 2018.

### CHARGES ON ASSETS

At 31 March 2018, the carrying amount of a motor vehicle held by the Group amounted to approximately HK\$461,000 (2017: HK\$596,000), which was pledged to bank to secure the finance leases granted to the Group.

At 31 March 2018, the carrying amount of deposits placed for life insurance policies held by the Group amounted to approximately HK\$2,588,000 (2017: Nil) was pledged to bank to secure the bank loan and overdrafts granted to the Group.

### CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group did not have any significant contingent liabilities.

### EVENT AFTER THE REPORTING PERIOD

Up to the date of this annual report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the Year.

### EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed 64 (31 March 2017: 69) employees. Total staff costs (including Directors' emoluments) were approximately HK\$30.1 million (2017: approximately HK\$29.6 million) for the Year. Employees' remuneration, promotion and salary increments are assessed based on both individual's and Company's performance and individual's professional and working experience and by reference to the prevailing market practice and standards. The Group regards quality staff as one of the key factors to corporate success.

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

### EXECUTIVE DIRECTORS

**Mr. Ip Kwok Kwong**, aged 57, is one of the founding directors of the Group and was appointed as an executive Director and the managing director of the Company (the “Managing Director”) in December 2010. He is the compliance officer and an authorised representative of the Company. He is also a member of each of the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”) of the Board, and a director of certain subsidiaries of the Company. Mr. Ip is responsible for overall management and development including frontline co-ordination with clients, organisations as well as formulation of development strategy of the Group. Professionally, Mr. Ip is a Chartered Valuation Surveyor, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance of Hong Kong and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Mr. Ip was appointed as a committee member of the People’s Political Consultative Conference of Harbin, the PRC in the second half of 2011 after having received the Outstanding Entrepreneurship Award from the Enterprise Asia, a non-governmental organisation for entrepreneurship in mid-2011. He is now a vice president of Asia Pacific Professional Managers Association. Mr. Ip is deemed to have the interests in the Shares pursuant to the SFO. Details are set out in the section headed “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS” in the Report of the Directors.

**Mr. Wu Di**, aged 37, was appointed as a non-executive Director on 20 November 2014 and redesignated as an executive Director on 20 July 2015. He was appointed as a member of each of the Remuneration Committee and the Nomination Committee on 10 May 2017. Mr. Wu is a director of certain subsidiaries of the Company. He holds a bachelor’s degree in business administration from the Dongbei University of Finance and Economics (東北財經大學) in the PRC. He has about 15 years of experience in strategic planning, corporate management and business development. He has worked for various corporations and held management positions.

### NON-EXECUTIVE DIRECTOR

**Ms. Yang Yan**, aged 45, was appointed as a non-executive Director on 7 November 2017. She graduated from the Faculty of Law of Xiangtan University in Hunan Province\* (湖南省湘潭大學法律系) in the PRC in 1994. She was granted the qualification and obtained the practicing certificate to act as a lawyer in the PRC in 1995 and has over 22 years of experience of practicing as a lawyer in the PRC. From 2010 to 2016, she was a partner of Hunan Yuntian Law Firm\* (湖南雲天律師事務所) in the PRC. She also acted as the legal advisor for the leading enterprises in different industries. Ms. Yang started doing business in Shenzhen in 2010. She was one of the founders of the first fund raising platform in Shenzhen and successfully raised funds for over 10 projects. She was also a co-founder of Shenzhen Chuangfu Promotion Association\* (深圳創孵促進會). In 2014, Ms. Yang acted as the legal counsel of Shenzhen Chuangfu Alliance\* (深圳創孵聯盟).

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Cheung Ka Chun**, aged 36, was appointed as an independent non-executive Director, the chairman of the audit committee of the Board (the “Audit Committee”) and a member of each of the Nomination Committee and the Remuneration Committee on 8 January 2018. He obtained a Bachelor of Business (Accounting) degree from the Australian Catholic University and a Master of Science in Finance degree from the City University of Hong Kong in 2005 and 2017. He was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in 2014. Mr. Cheung worked with the Company as an assistant manager during the period from May 2012 to February 2014. Mr. Cheung has over ten years of experience in the field of finance and accounting and served managerial positions with the finance department of various companies listed in Hong Kong.

\* For identification purpose only

## BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. So Kwok Yun**, aged 56, was appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of each of Audit Committee and the Nomination Committee on 15 December 2017. He obtained a Bachelor of Arts (Architectural Studies) degree and a Bachelor of Architecture degree from the University of Hong Kong in 1984 and 1986, respectively. He was admitted as a member of the Hong Kong Institute of Architects in 1988 and a member of the Royal Institute of British Architects in 1990. He is also currently registered as an Authorized Person under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong) and a Registered Architect in Hong Kong under the Architects Registration Ordinance (Chapter 408 of the laws of Hong Kong). Mr. So has over thirty years of experience in the field of architecture and project management. He has taken up managerial positions with various established architecture and property development companies and was involved in a number of major commercial and residential property projects in Hong Kong, China and overseas. In 2003, Mr. So founded his architecture designing business in Shanghai, China. He further established DPS Design (SH) Co., Ltd.\* (世天建築諮詢(上海)有限公司) in 2010 and has been serving as the managing director since its establishment.

**Mr. Tang Wai Kee**, aged 56, was appointed as an independent non-executive Director, the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee on 28 September 2017. He obtained a Bachelor of Science degree majoring in biology from the Chinese University of Hong Kong in 1983 and a Master of Science degree in financial economics from the University of London in 1995. Mr. Tang has over ten years of experience in the field of securities, futures and asset management. He has served as a responsible officer and/or licensed representative in various licensed corporations carrying out regulated activities under the SFO. Mr. Tang is currently licensed to carry out Types 1, 4 and 9 regulated activities under Schedule 5 of the SFO. Mr. Tang is also an individual member of the Global Association of Risk Professionals, a permanent member of Hong Kong Stockbrokers Association Limited and an individual member of the Market Technician Association.

### SENIOR MANAGEMENT

**Mr. Un Kwok Kee, John**, aged 51, joined the Group as its head of finance and administration in 2010. Mr. Un has over 27 years of experience in the financial accounting, company secretarial, initial public offering and auditing. Mr. Un holds a Master's degree in Business Administration from the University of Wales and is a fellow member of the Association of Chartered Certified Accountants in England and a member of Hong Kong Institute of Certified Public Accountants.

## CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board presents the corporate governance report for the Year.

### CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value of the Company. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code").

During the Year, save as disclosed under the paragraphs headed "Chairman and managing director" of this corporate governance report, the Company complied with the code provisions as set out in the CG Code.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors (the "Required Standard of Dealings") on terms no less exacting than the Required Standard of Dealings. Having made specific enquiry of all Directors by the Company, all the Directors confirmed that they had complied with the Required Standard of Dealings and its code of conduct regarding Directors' securities transactions during the Year.

### BOARD OF DIRECTORS

The Company is governed by the Board which is responsible for overseeing the overall strategy and development of the Company as well as monitoring the risk management and internal control policies and evaluating the financial performance of the Group. The Board sets the overall strategy and directions for the Group with a view to developing its business and enhancing the Shareholders' value.

The Board is also responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of the Directors and senior management and the Company's policies and practices on compliance with legal and regulatory requirements, etc.

During the Year, the Board reviewed the compliance with the CG Code, the disclosure in the corporate governance report and the effectiveness of the risk management and internal controls systems of the Group through the Audit Committee.

The Board meets regularly at least four times each year, and more frequently as the needs of the business demand, to formulate overall strategy and monitor business development as well as the financial performance of the Group. The Board has delegated certain duties and authorities to the management for the day-to-day management of the Group's operation.

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For all other Board meetings, reasonable notices are given. The agenda together with all relevant meeting materials are sent to all Directors at least 3 days before each regular Board meetings and at agreed periods for other meetings to enable them to make informed decisions with adequate information. The Board and each Director also have direct and independent access to the management whenever necessary.

## CORPORATE GOVERNANCE REPORT

As at the date of this annual report, the Board comprises two executive Directors, namely Mr. Ip Kwok Kwong (Managing Director), and Mr. Wu Di, one non-executive Director, namely Ms. Yang Yan, and three independent non-executive Directors (the "INEDs"), namely Mr. Tang Wai Kee, Mr. So Kwok Yun and Mr. Cheung Ka Chun.

During the Year, the Board held 12 meetings.

The attendance records of each Director for the Board, Board committees and general meetings of the Company for the Year are as follows:

	Meetings attended/Meetings eligible to attend				Annual General Meeting ("AGM")
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<b>Directors</b>					
<i>Executive Directors</i>					
Mr. Ip Kwok Kwong ( <i>Managing Director</i> )	10/12	N/A	4/5	4/5	1/1
Mr. Wu Di*	8/12	N/A	4/5	4/5	0/1
Mr. Yip Chung Wai, David ( <i>resigned on 9 May 2017</i> )	0/2	N/A	0/0	0/0	0/0
<i>Non-executive Director</i>					
Ms. Yang Yan ( <i>appointed on 7 November 2017</i> )	0/4	N/A	N/A	N/A	0/0
Ms. Ma Lin ( <i>resigned on 7 November 2017</i> )	7/8	N/A	N/A	N/A	0/1
<i>INEDs</i>					
Mr. Cheung Ka Chun ( <i>appointed on 8 January 2018</i> )	1/1	1/1	0/0	0/0	0/0
Mr. So Kwok Yun ( <i>appointed on 15 December 2017</i> )	2/2	0/1	1/1	1/1	0/0
Mr. Tang Wai Kee ( <i>appointed on 28 September 2017</i> )	5/5	2/2	3/3	3/3	0/0
Mr. Tso Ping Cheong, Brian ( <i>resigned on 8 January 2018</i> )	9/11	3/3	4/5	4/5	0/1
Mr. So Chung Shing ( <i>resigned on 28 September 2017</i> )	6/7	2/2	1/2	1/2	0/1
Mr. Chu Siu Lun, Ivan ( <i>resigned on 15 December 2017</i> )	9/10	2/3	3/4	3/4	0/1

\* Mr. Wu Di was appointed to act as a member of each of the Remuneration Committee and Nomination Committee on 10 May 2017.



## CORPORATE GOVERNANCE REPORT

As at the date of this annual report, an executive committee of the Board (the “Executive Committee”) was formed comprising one executive Director, Mr. Ip Kwok Kwong. The Executive Committee is to enhance the day-to-day management and operation of the Group to be run effectively and has been delegated by the Board certain duties and authority relating to the areas in accounting operation of the Group and contracting with outsiders in the ordinary course of business of the Group.

The Company had three INEDs, at least one of whom is in possession of appropriate professional qualifications or accounting or related financial management expertise throughout the Year, in compliance with the GEM Listing Rules. The INEDs, together with the non-executive Director and executive Directors, ensure that the Board prepares its financial and other mandatory reports in strict compliance with the relevant standards. Each INED who acted as INED as at 31 March 2018 and thereafter up to the date of this annual report has made an annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and accordingly the Company considers each of them to be independent in accordance with the terms of the guidelines as set out in Rule 5.09 of the GEM Listing Rules.

### RELATIONSHIP

There was no relationship (including financial, business, family or other material relationship) among the Directors. The biographical details of each of the Directors as at the date of this annual report are set out in the section headed “Biographies of Directors and Senior Management” of this annual report.

### CHAIRMAN AND MANAGING DIRECTOR

Pursuant to code provision A.2.1 of the CG Code, 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. Yip Chung Wai, David was appointed as the chairman of the Board (the “Chairman”) on 11 November 2016 and ceased to act in such capacity when he resigned as an executive Director on 9 May 2017. The Company presently does not have any officer with the title of chief executive officer (the “CEO”) but instead, the duties of a CEO are performed by Mr. Ip Kwok Kwong, the Managing Director, in the same capacity as the CEO of the Company. There is a clear division of responsibilities between the Chairman and the Managing Director in that the Chairman bears the primary responsibility for the effective functioning of the Board, ensuring the establishment of business strategies and sound corporate governance practices of the Group, while the Managing Director bears the executive responsibility for implementing the Board’s approved strategies and policies and supervising the Group’s day-to-day business operations. Since Mr. Yip Chung Wai, David ceased to be the Chairman on 9 May 2017, the roles of both the Chairman and the CEO have been performed by Mr. Ip Kwok Kwong, which the Board considered it as a transitional arrangement to cater for a smooth handover. In this transitional period, the Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies.

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

The current articles of association of the Company (the “Articles”) provide that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. In addition, at each AGM, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and that every Director shall be subject to retirement at least once every three years. The non-executive Director and each of the INEDs are appointed for a term of not more than three years and subject to retirement by rotation (at least once every three years) and re-election in accordance with the Articles.

## CORPORATE GOVERNANCE REPORT

### DIRECTOR'S PROFESSIONAL DEVELOPMENT

Each newly appointed Director receives a comprehensive induction package (the "Package") designed to enhance his/her knowledge and understanding of the Group's culture and operations. The Package usually includes a briefing or an introduction to the Group's structure, businesses strategies, recent developments and governance practices.

To assist the Directors' continuing professional development, the Company recommends Directors to attend relevant seminars to develop and refresh their knowledge and skills. All the Directors, namely Mr. Ip Kwok Kwong, Mr. Yip Chung Wai, David (resigned on 9 May 2017), Mr. Wu Di, Ms. Ma Lin (resigned on 7 November 2017), Ms. Yang Yan (appointed on 7 November 2017), Mr. Tso Ping Cheong, Brian (resigned on 8 January 2018), Mr. So Chung Shing (resigned on 28 September 2017) and Mr. Chu Siu Lun, Ivan (resigned on 15 December 2017), Mr. Cheung Ka Chun (appointed on 8 January 2018), Mr. So Kwok Yun (appointed on 15 December 2017) and Mr. Tang Wai Kee (appointed on 28 September 2017), had participated in continuous professional development training such as attending external seminars organised by qualified professionals and reading materials to develop and refresh their knowledge and skills in relation to their contribution to the Board. All the Directors were requested to provide the Company with the records of the training they received. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training to develop and refresh their knowledge and skills.

### SENIOR MANAGEMENT'S REMUNERATION

The remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Biographies of Directors and Senior Management" in this annual report for the Year by band is set out below:

Remuneration band (in HK\$)	Number of individual
Nil to 1,000,000	1

### REMUNERATION COMMITTEE

The Board established the Remuneration Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Remuneration Committee comprises two executive Directors, namely Mr. Ip Kwok Kwong and Mr. Wu Di, and three INEDs, namely Mr. So Kwok Yun (chairman of the Remuneration Committee), Mr. Cheung Ka Chun and Mr. Tang Wai Kee.

The primary duties of the Remuneration Committee are formulating remuneration policies, making recommendations to the Board on the remuneration packages of the Directors and senior management of the Group. The Directors are remunerated by reference to their respective duties and responsibility with the Company, the Company's performance and current market situation. The Remuneration Committee adopted the advisory model under the CG Code to make recommendations to the Board on the remuneration packages of individual Director and senior management of the Group.

During the Year, the Remuneration Committee held 5 meetings to (i) review the remuneration policy; (ii) review and recommend to the Board on the remuneration packages of the Directors and senior management of the Group; and (iii) recommend to the Board on the remuneration of newly appointed non-executive Director and INEDs during the Year.

Details of emoluments of the Directors for the Year are set out in note 12 to the consolidated financial statements.

## CORPORATE GOVERNANCE REPORT

### NOMINATION COMMITTEE

The Board established the Nomination Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Nomination Committee comprises two executive Directors, namely Mr. Ip Kwok Kwong and Mr. Wu Di, and three INEDs, namely Mr. Tang Wai Kee (chairman of the Nomination Committee), Mr. So Kwok Yun and Mr. Cheung Ka Chun.

The primary duties of the Nomination Committee are reviewing the structure, size and composition of the Board, formulating relevant procedures for the nomination of Directors, identifying qualified individuals to become members of the Board and making recommendations to the Board on the appointment or re-appointment of Directors. As regards the nomination, the nominee's qualifications, ability and potential contributions to the Company are taken into consideration.

During the Year, the Nomination Committee held 5 meetings to (i) review the structure, size and composition of the Board; (ii) make recommendations to the Board on the appointment and re-appointment of Directors; and (iii) assess the independence of the INEDs.

### AUDIT COMMITTEE

The Board established the Audit Committee in May 2011 with written terms of reference in compliance with the CG Code. As at the date of this annual report, the Audit Committee comprises three INEDs, namely Mr. Cheung Ka Chun (chairman of the Audit Committee), Mr. So Kwok Yun and Mr. Tang Wai Kee.

The primary duties of the Audit Committee are supervising the risk management and internal control policies and the financial reporting systems and procedures of the Company, reviewing the financial statements and reports of the Group, and reviewing the terms of engagement and the scope of audit work of the Company's independent auditor (the "Independent Auditor").

During the Year, the Audit Committee held 4 meetings to review the accounting principles and practices adopted by the Group with the management and the Independent Auditor, discuss auditing, internal control and financial reporting matters, review the audited consolidated financial statements, including the audited consolidated results for the year ended 31 March 2017, the unaudited interim and quarterly reports, including interim and quarterly results, and the internal control of the Company.

The Group's risk management and internal control system is reviewed regularly by management. With the view of enhancing the Group's risk management and internal control system, during the Year, the Company had independent consultant to perform the internal audit function to review the Group's risk management and internal control systems and recommended actions to improve the risk management and internal controls of the Group.

Based on the review, the Audit Committee is of the view that the Group's risk management and internal control system was generally effective and adequate and in compliance with the requirements of the CG Code C.2.1 for the Year in all material respects.

## CORPORATE GOVERNANCE REPORT

### BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity policy (the “Policy”) which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service. The Board will review such objectives from time to time to ensure their appropriateness and the progress made towards achieving those objectives. The Company will also take into consideration its own specific needs from time to time in determining the optimum composition of the Board.

As at the date of this report, the Board comprises male and female directors with diverse backgrounds and/or extensive expertise in the Group’s businesses. The Board also has a balanced composition of executive and non-executive directors including INEDs so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

### DIRECTORS’ RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the consolidated financial statements which give a true and fair view of the state of affairs of the Group. In preparing the consolidated financial statements, appropriate accounting policies and standards are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company’s ability to continue as a going concern.

### INDEPENDENT AUDITOR AND ITS REMUNERATION

The statement of the Independent Auditor about their reporting responsibilities on the consolidated financial statements of the Group is set out in the “Independent Auditor’s Report” of this annual report.

The fees paid or payable to the Independent Auditor in respect of the Year amounted to approximately HK\$780,000 for audit services and nil for non-audit services.

### COMPANY SECRETARY

The company secretary of the Company (the “Company Secretary”) is Mr. Kwok Siu Man (“Mr. Kwok”), who has been appointed by the Board since 16 July 2014 and has been so nominated by Boardroom Corporate Services (HK) Limited (“Boardroom”) under an engagement letter made between the Company and Boardroom. The primary person at the Company whom Mr. Kwok has been contacting in relation to corporate secretarial matters is Mr. Ip Kwok Kwong, an executive Director and the Managing Director. As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange for a substantial amount of time. Since then, he was not required to have at least 15 hours of relevant continuous professional development training under the GEM Listing Rules for each of the five consecutive years from 2012. Mr. Kwok had received no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules during the Year.

## CORPORATE GOVERNANCE REPORT

### RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for overseeing the Group's risk management and internal control systems and conducted an annual review of the effectiveness of such systems through the Audit Committee. The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage and eliminate risks of failure in operational systems and fulfilment of the business objectives. The internal control system is reviewed on an ongoing basis by the Board in order to make it practical and effective in providing reasonable assurance in relation to protection of material assets and Shareholders' interests.

The Group has formulated a risk management policy and adopted a three-tier risk management approach to identify, assess and manage different types of risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provide technical support, develops new system and oversees portfolio management. It ensures risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the independent consultant, as an Internal Audit Function, assists the Audit Committee to review the first and second lines of defence.

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the Year, covering the material financial, operational and compliance controls, which are considered effective and adequate.

The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions on an annual basis.

### DISCLOSURE OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the SFO and the GEM Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of inside information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirements under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, public announcements and its website;
- the Group has strictly prohibited unauthorized use of confidential or inside information; and
- the Group has established and implemented procedures for responding to external enquiries about the Group's affairs, so that only the executive Directors, Company Secretary and investor relations officers are authorized to communicate with parties outside the Group.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM is held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting (the "EGM").

Pursuant to the Articles, the Shareholders, holding at the date of deposit of the written requisition to the Board or the Company Secretary not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company, may require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out above.

The written requisition should be signed by the requisitionists and deposited at the head office of the Company (presently at Room 2703, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong), specifying the Shareholders' contact details and the business or the resolution intended to be transacted or put forward at the general meeting.

For including a resolution to propose a person for election as a Director at general meeting, Shareholders are requested to follow the provisions of the Articles. A written notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting of the Company for which such notice is given of his intention to propose such person for election and also a written notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office of the Company (presently at Room 2703, 27th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong) provided that the minimum length of the period, during which such notices are given, shall be at least seven days and that the period for lodgment of such notices shall commence on the day after the despatch of the notice of the general meeting of the Company appointed for such election and end no later than seven days prior to the date of such general meeting. The written notice must state that person's biographical details as required by Rule 17.50(2) of the GEM Listing Rules. The procedures for Shareholders to propose a person for election as a Director are posted on the Company's website.

Shareholders should direct questions about their shareholdings, the change of their corresponding address or dividend instructions, etc. to the Company's Hong Kong branch share registrar. Shareholders and the investment community may at any time make a request for the Company's information to the extent that such information is publicly available. Shareholders may also make enquiries to the Board by post to the Company's head office mentioned above or by email to [info@gca.com.hk](mailto:info@gca.com.hk) for the attention of Mr. Ip Kwok Kwong, the Managing Director.

## INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its Shareholders and investment public.

The Company updates its Shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The corporate website of the Company ([www.gca.com.hk](http://www.gca.com.hk)) provides an effective communication platform to the public and the Shareholders.

## CONSTITUTIONAL DOCUMENTS

During the Year, there had been no significant change in the Company's constitutional documents.

## REPORT OF THE DIRECTORS

The Directors present the annual report and the audited consolidated financial statements of the Group for the Year.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities and other particulars of the Company's subsidiaries are set out in note 42 to the consolidated financial statements.

### RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Company and the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 35 to 101 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2017: Nil).

### BUSINESS REVIEW AND PERFORMANCE

The fair review of the business of the Group for the Year and the potential future development of the Group's business and the performance analysis using key financial performance indicators are set out in the "Managing Director's Statement", "Management Discussion and Analysis", "Report of the Directors", "Consolidated Financial Statements" and "Financial Summary" on page 4, pages 5 to 10, pages 21 to 31, pages 35 to 101, and page 102, respectively. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report.

There are significant nor important event affecting the Group that has occurred since the end of the Year as disclosed in note 44 to the consolidated financial statements.

### ENVIRONMENTAL POLICY

The Group emphasises the importance of energy conservation and environmental protection as part of its corporate culture and encourages its employees to minimise the use of paper by promoting digitalisation of documents and better use of used paper. The Group has also participated in a carbon reduction program by replacing all traditional fluorescent lamps with energy-saving lamps within the working area.

In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time. The Environmental, Social and Governance Report will be published as a separate report within three months after the publication of this annual report.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong and the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong and the PRC during the Year.

### RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises employees as valuable assets of the Group and the Group has been motivating the employees by providing reasonable remuneration package and implementing an annual appraisal system to provide opportunities for career development within the Group. In addition, the Group also offers other employee benefits, such as the medical and dental insurance, and training sponsorship, etc.

## REPORT OF THE DIRECTORS

The Group provides good quality services to the customers and maintains effective communication with them. The Group treasures the long-term relationships developed with the customers and suppliers. During the Year, there was no material dispute or argument between the Group and its business partners.

The Company has made substantial efforts to fulfill its corporate social responsibilities by promoting sustainable growth within the Group and in the society. The Group is committed to providing a safe, healthy and enriching working environment for its employees. The Group hosted various after-work activities or sporting events for its employees during the Year to promote the importance of work-life balance. The Group has attached importance to the promotion of anti-corruption and integrity promotion system. The Group emphasises a code of conduct which forms part of the staff manual. Employees are required to act with integrity and to report any suspected bribery and money laundering cases. Whistle-blowing procedures are in place, which allows direct reporting to the chairman of the Audit Committee. In addition, employees are required to declare any conflict of interests when performing their duties.

### SUMMARY OF FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 102 of this annual report.

### SHARE CAPITAL

Details of the Company's share capital are set out in note 34 to the consolidated financial statements.

For details of issue of Shares pursuant to the Placing during the Track Record Period, please refer to the paragraph headed "Management Discussion and Analysis — CAPITAL STRUCTURE — Issue of Placing Shares and Use of Proceeds" in this annual report.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of the Cayman Islands, the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to the existing Shareholders.

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

During the Year, the Company did not redeem any of its Shares listed on the GEM, nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

### RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity on page 39 respectively.

### DISTRIBUTABLE RESERVES

At 31 March 2018, the Company's reserve available for distribution to owners of the Company comprising share premium net of accumulated losses amounted to approximately HK\$243.2 million (2017: approximately HK\$378.1 million) calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.



## REPORT OF THE DIRECTORS

### RELATED PARTIES TRANSACTIONS

Related parties transactions of the Group during the Year are disclosed in note 41 to the consolidated financial statements. They did not constitute “connected transactions” or “continuing connected transactions”, as defined in Chapter 20 of the GEM Listing Rules, which are required to comply with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Year, both the aggregate percentage of sales to the Group’s five largest customers and the aggregate percentage of purchases from the Group’s five largest suppliers were less than 30% of total sales and purchases of the Group respectively.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued shares) has any beneficial interest in the Group’s five largest customers and suppliers.

### REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and the five individuals with the highest emoluments are set out in note 12 to the consolidated financial statements.

### EMOLUMENT POLICY

The Remuneration Committee was established for reviewing the Group’s emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group’s operating results, individual performance and comparable market practices. The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out in the section headed “SHARE OPTION SCHEME” below.

### DIRECTORS

The Directors during the Year and up to the date of this annual report are:

#### Executive Directors

Mr. Ip Kwok Kwong (*Managing Director*)

Mr. Wu Di

Mr. Yip Chung Wai, David (resigned as the Chairman and an executive Director on 9 May 2017)

#### Non-executive Director

Ms. Yang Yan (appointed on 7 November 2017)

Ms. Ma Lin (resigned on 7 November 2017)

#### INEDs

Mr. Tang Wai Kee (appointed on 28 September 2017)

Mr. So Kwok Yun (appointed on 15 December 2017)

Mr. Cheung Ka Chun (appointed on 8 January 2018)

Mr. Tso Ping Cheong, Brian (resigned on 8 January 2018)

Mr. So Chung Shing (resigned on 28 September 2017)

Mr. Chu Siu Lun, Ivan (resigned on 15 December 2017)

## REPORT OF THE DIRECTORS

In accordance with Article 83(3) of the Articles, Ms. Yang Yan, Mr. Tang Wai Kee, Mr. So Kwok Yun and Mr. Cheung Ka Chun will retire from office at the forthcoming AGM. Pursuant to Articles 84(1) and (2) of the Articles, Mr. Ip Kwok Kwong will retire from office by rotation at the forthcoming AGM. All the above retiring Directors, being eligible, have offered themselves for re-election thereat.

The Company has received written confirmations of independence from each of the INEDs (who acted as INED as at 31 March 2018 and thereafter up to the date of this annual report) pursuant to Rule 5.09 of the GEM Listing Rules. As at the date of this annual report, the Company still considers the INEDs to be independent.

### BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are set out on pages 11 and 12 of this annual report.

### CHANGES IN INFORMATION OF DIRECTORS

The changes in Directors' information during the Year and up to the date of this annual report, as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules, are set out below:

Name of Directors	Details of Changes
Mr. Yip Chung Wai, David	<ul style="list-style-type: none"> <li>Resigned as the Chairman and an executive Director, and ceased to be a member of each of the Remuneration Committee and the Nomination Committee on 9 May 2017</li> </ul>
Mr. Wu Di	<ul style="list-style-type: none"> <li>Appointed as a member of each of the Remuneration Committee and the Nomination Committee on 10 May 2017</li> </ul>
Mr. So Chun Shing	<ul style="list-style-type: none"> <li>Resigned as an INED and ceased to be the chairman of the Nomination Committee as well as a member of each of the Audit Committee and the Remuneration Committee on 28 September 2017</li> </ul>
Mr. Tang Wai Kee	<ul style="list-style-type: none"> <li>Appointed as an INED, the chairman of the Nomination Committee as well as a member of each of the Audit Committee and the Remuneration Committee on 28 September 2017</li> </ul>
Ms. Ma Lin	<ul style="list-style-type: none"> <li>Resigned as a non-executive Director on 7 November 2017</li> </ul>
Ms. Yang Yan	<ul style="list-style-type: none"> <li>Appointed as a non-executive Director on 7 November 2017</li> </ul>
Mr. Chu Siu Lun, Ivan	<ul style="list-style-type: none"> <li>Resigned as an INED and ceased to be the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee on 15 December 2017</li> </ul>
Mr. So Kwok Yun	<ul style="list-style-type: none"> <li>Appointed as an INED, the chairman of the Remuneration Committee as well as a member of each of the Audit Committee and the Nomination Committee on 15 December 2017</li> </ul>
Mr. Tso Ping Cheong, Brian	<ul style="list-style-type: none"> <li>Resigned as an INED and ceased to be the chairman of the Audit Committee as well as a member of each of the Remuneration Committee and the Nomination Committee on 8 January 2018</li> </ul>
Mr. Cheung Ka Chun	<ul style="list-style-type: none"> <li>Appointed as an INED, the chairman of the Audit Committee as well as a member of each of the Remuneration Committee and the Nomination Committee on 8 January 2018</li> </ul>

## REPORT OF THE DIRECTORS

### DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Mr. Ip Kwok Kwong, being an executive Director and managing Director, entered into a service contract with the Company for an initial term of three years and will continue thereafter, subject to termination in certain circumstances as stipulated in the service contract. Mr. Wu Di, being an executive Director, has entered into a service contract with the Company for an initial term of three years and will continue thereafter, subject to termination in certain circumstances as stipulated in the service contract. The terms of their office are also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

Each non-executive Director (including INEDs) has entered into a letter of appointment with the Company for an initial term of one year to three years and will continue thereafter until terminated in accordance with the terms of the letter of appointment and is subject to retirement by rotation and re-election pursuant to the Articles.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 41 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or its holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or the Director's connected entity had a material interest, whether directly or indirectly, which subsisted at the end of the Year or at any time during the Year.

As at 31 March 2018 or during the Year, no contract of significance in relation to business of the Group (whether for the provision of services to the Group or not) had been entered into between the Company, or any of its subsidiary companies, and a controlling shareholder of the Company (within the meaning of the GEM Listing Rules) or any of its subsidiaries.

### PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (within the meaning in Section 469 of the Hong Kong Companies Ordinance) for the benefit of the Directors is currently in force and was in force throughout the Year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

### MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any Director or any person under the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

## REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have: (a) 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 (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

#### (a) Long positions in the Shares

Name of Director	Capacity/nature of interest	Number of Shares held	Approximate percentage to the issued share
Mr. Ip Kwok Kwong ("Mr. Ip")	Interest in controlled corporations	310,850,000 (Note)	5.33%

Note: 310,850,000 Shares were held by Brilliant One Holdings Limited ("Brilliant One") which was wholly owned by GC Holdings Limited ("GC Holdings"). GC Holdings was wholly owned by Mr. Ip, an executive Director and the Managing Director. By virtue of the SFO, Mr. Ip was deemed to have interests in all the Shares held by Brilliant One.

#### (b) Long positions in the shares of associated corporations

Name of Director	Name of associated corporations	Capacity/nature of interest	Number of issued shares held	Percentage of interest in associated corporations
Mr. Ip (Note)	Brilliant One	Interest in a controlled corporation	200	100%
Mr. Ip (Note)	GC Holdings	Beneficial owner	1	100%

Note: The Company was owned as to approximately 5.33% by Brilliant One. Brilliant One was wholly owned by GC Holdings. GC Holdings was wholly owned by Mr. Ip.

## REPORT OF THE DIRECTORS

### (c) Long positions in the underlying Shares

Name of Director	Capacity/nature of interests	Number of underlying Shares held	Approximate percentage to the issued Shares
Mr. Wu Di ( <i>Note</i> )	Beneficial owner	8,575,000	0.15%

*Note:* Please refer to the section headed "SHARE OPTION SCHEME" below.

Save as disclosed above, as at 31 March 2018, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to the GEM Listing Rules or to be entered in the register referred to in the SFO.

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

As at 31 March 2018, the following corporations (other than a Director or the chief executive of the Company) had interests or short positions in the Shares and the underlying Shares, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and entered in the register maintained by the Company pursuant to section 336 of the SFO:

#### Long positions in the shares

Name of Shareholders	Capacity/nature of interests	Number of Shares held	Approximate percentage to the issued Share
Brilliant One ( <i>Notes 1 and 2</i> )	Beneficial owner	310,850,000	5.33%
GC Holdings ( <i>Note 1</i> )	Interest in a controlled corporation	310,850,000	5.33%
M Success Finance Limited ("M Success") ( <i>Note 2</i> )	Having a security interest	310,850,000	5.33%
Roma Group Limited ("Roma Group") ( <i>Note 2</i> )	Interest in controlled corporations	310,850,000	5.33%
Laberie Holdings Limited ("Laberie") ( <i>Note 3</i> )	Beneficial owner	1,400,000,000	24.02%
SEEC Media Group Limited ("SEEC Media") ( <i>Note 3</i> )	Interest in a controlled corporation	1,400,000,000	24.02%

## REPORT OF THE DIRECTORS

### Notes:

1. Brilliant One was wholly owned by GC Holdings which was wholly owned by Mr. Ip, the Managing Director and an executive Director. Therefore, under the SFO, GC Holdings was deemed to be interested in all the shares held by Brilliant One.
2. On 8 July 2015, 310,850,000 shares held by Brilliant One were pledged to M Success, which was wholly owned by Ascendant Success Limited. Ascendant Success Limited was wholly owned by United Brilliant Limited, which was wholly owned by Roma Group.
3. Laberie was wholly owned by SEEC Media. By virtue of the SFO, SEEC Media was deemed to be interested in all the shares held by Laberie.

Save as disclosed above, as at 31 March 2018, the Company had not been notified by any parties (other than a Director or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in the securities of the Company by the Directors (the "Required Standard of Dealings") on terms no less exacting than the Required Standard of Dealings. The Company had made a specific enquiry with each of the Directors and all of them confirmed that they had complied with the Required Standard of Dealing and the Company's code of conduct regarding Directors' securities transaction during the Year.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best of the Directors' knowledge, none of the Directors or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) had any interest in the business that competed or might compete or is likely to complete, either directly or indirectly with the business of the Group during the Year and up to the date of this annual report.

### CORPORATE GOVERNANCE

Details of the principal corporate governance policies and practices adopted by the Company are set out in the Corporate Governance Report on pages 13 to 20 of this annual report.

The compliance officer of the Company is Mr. Ip whose biographical details are set out on page 11 of this annual report. The Company Secretary is Mr. Kwok Siu Man, a fellow member of The Hong Kong Institute of Chartered Secretaries, whose brief particulars are set out under the section headed "COMPANY SECRETARY" of the corporate governance report on page 18.

### TAX RELIEF

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

### SHARE OPTION SCHEME

To attract and retain the eligible persons, provide an additional incentive to them and promote the success of the business of the Group, the Company conditionally approved and adopted a share option scheme (the "Scheme") by a resolution in writing on 18 May 2011 whereby the Board was authorised to grant options (the "Options") to subscribe for the Shares to the eligible participants as defined in the Scheme, including the Directors and employees. The Scheme is valid for a period of ten years commencing from the adoption date as defined in the Scheme, i.e. 18 May 2011.

## REPORT OF THE DIRECTORS

A summary of the movements of the outstanding Options under the Scheme during the Year is as follows:

Eligible participants	Number of underlying Shares comprised in Options					Outstanding as at 31 March 2018	Exercise price per Share HK\$	Adjusted exercise price per Share HK\$ (Note)	Date of grant	Exercisable period
	Outstanding as at 1 April 2017	Granted during the Year	Exercised during the Year	Lapsed during the Year	Cancelled during the Year					
<b>Director</b>										
Mr. Wu Di	8,575,000	-	-	-	-	8,575,000	0.367	N/A	27.8.2015	27.8.2015 - 26.8.2018 (both dates inclusive)
<b>Employees and consultants</b>	356,700	-	-	-	-	356,700	0.20	0.1626	6.1.2012	a) One-third of the Options comprising 258,300 Shares is exercisable from 30.1.2012 to 17.5.2021, one-third of the Options is exercisable from 1.1.2013 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2014 to 17.5.2021.  b) One-half of the Options comprising 98,400 Shares is exercisable from 1.1.2013 to 17.5.2021 and the remaining one-half of the Options is exercisable from 1.1.2014 to 17.5.2021.
	147,600	-	-	-	-	147,600	0.20	0.1626	6.1.2012	1.7.2012 - 17.5.2021 (both dates inclusive)
	73,800	-	-	-	-	73,800	0.20	0.1626	6.1.2012	30.1.2012 - 17.5.2021 (both dates inclusive)
	553,500	-	-	-	-	553,500	0.20	0.1626	6.1.2012	One-third of the Options is exercisable from 1.7.2013 to 17.5.2021, one-third of the Options is exercisable from 1.1.2014 to 17.5.2021 and the remaining one-third of the Options is exercisable from 1.1.2015 to 17.5.2021.
	17,150,000	-	-	(8,575,000)	-	8,575,000	0.367	N/A	27.8.2015	27.8.2015 - 26.8.2018 (both dates inclusive)
	845,000	-	-	(845,000)	-	-	0.367	N/A	27.8.2015	27.8.2016 - 26.8.2018 (both dates inclusive)
	-	485,750,000	-	-	-	485,750,000	0.0726	N/A	10.11.2017	10.11.2017 - 9.11.2020 (both dates inclusive)
	<u>27,701,600</u>	<u>485,750,000</u>	<u>-</u>	<u>(9,420,000)</u>	<u>-</u>	<u>504,031,600</u>				

Note: Pursuant to the Company's announcement dated 27 August 2014, the exercise price and the number of underlying shares comprised in the outstanding Options have been adjusted as a result of an open offer of shares with effect from 28 August 2014.

As at the date of this report, there were a total of 46,860 Shares available for issue under the Scheme, which represented less than 0.01% of the issued share capital of the Company. The Company intends to refresh the Share Option Scheme limit at forthcoming AGM.

An offer for the grant of Options must be accepted within twenty-one days inclusive of the day on which such offer is 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\$1.00. The subscription price of a Share in respect of any particular Option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the Option; and (iii) the nominal value of a Share on the offer date of the Option.

## REPORT OF THE DIRECTORS

The total number of Shares issued and to be issued upon exercise of the Options granted to each grantee (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of Options to an eligible participant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such person (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in a general meeting.

Where any grant of Options to a substantial shareholder (as defined in the GEM Listing Rules) of the Company or any of his/her close associates or an INED would result in the shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (a) representing in aggregate over 0.1% of the Shares in issue; and (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of Options must be approved by the Shareholders in a general meeting.

The maximum number of Shares in respect of which the Options may be granted at any time under the Scheme together with the Options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Scheme. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the GEM Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue at the time. An Option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine, which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

Details of the Scheme are set out in note 36 to the consolidated financial statements.

### ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "SHARE OPTION SCHEME" above, at no time during the Year was the Company, its subsidiaries, fellow subsidiaries and holding company or its other associated corporations a party to any arrangement to enable the Directors or chief executives of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or its associated corporations.

### EQUITY-LINKED AGREEMENT

Save for the share options granted during the Year, details of which are set out under the section headed "SHARE OPTION SCHEME" in this report, the Company has not entered into any equity-linked during the Year.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the best knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, there has been a sufficient public float of the issued Shares as required under the GEM Listing Rules (i.e. at 25% of the issued Shares in public hands) throughout the Year and as at the date of this report.

### REVIEW BY AUDIT COMMITTEE

As at the date of this annual report, the Audit Committee comprises three members, namely Mr. Cheung Ka Chun, Mr. So Kwok Yun and Mr. Tang Wai Kee, all being INEDs. Mr. Cheung Ka Chun is the chairman of the Audit Committee. The Audit Committee has reviewed with the management the audited consolidated financial statements of the Company for the Year.



## REPORT OF THE DIRECTORS

### INDEPENDENT AUDITOR

The consolidated financial statements for the Year were audited by the independent auditor, ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA"), which shall retire and, being eligible, offer itself for re-appointment at the forthcoming AGM. A resolution for the re-appointment of ZHONGHUI ANDA as the independent auditor will be proposed at the forthcoming AGM.

ZHONGHUI ANDA was appointed as the Independent Auditor of the Group with effect from 18 March 2015 to fill the casual vacancy following the resignation of RSM Nelson Wheeler with effect from 12 March 2015. Save for the above, there has been no changes in the Independent Auditor in any of the preceding three years.

On behalf of the Board

**Ip Kwok Kwong**

*Managing Director and Executive Director*

Hong Kong, 25 June 2018

## INDEPENDENT AUDITOR'S REPORT



**TO THE SHAREHOLDERS OF  
GREATERCHINA PROFESSIONAL SERVICES LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of GreaterChina Professional Services Limited and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 101, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## INDEPENDENT AUDITOR'S REPORT

### GOODWILL

#### Refer to Note 18 to the consolidated financial statements

The Group is required to annually test the amount of goodwill for impairment. This annual impairment test is significant to our audit because the balance of goodwill of HK\$121,698,000 as at 31 March 2018 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use and fair value less costs of disposal calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions used in the value in use calculation (including revenue growth, profit margins, terminal growth rates and discount rates);
- Assessing the reasonableness of the key assumption used in the fair value less costs of disposal calculation (including earnings multiple, marketability discount and control premium); and
- Checking input data to supporting evidence.

We consider that the Group's impairment test for goodwill is supported by the available evidence.

### LOAN RECEIVABLES

#### Refer to Note 22 to the consolidated financial statements

The Group tested the amount of loan receivables for impairment. This impairment test is significant to our audit because the balance of loan receivables of HK\$166,853,000 as at 31 March 2018 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Evaluating the Group's impairment assessment;
- Assessing ageing of the debts;
- Checking subsequent settlements from the customers;
- Assessing the value of the collateral for the debts; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We consider that the Group's impairment test for loan receivables is supported by the available evidence.

## INDEPENDENT AUDITOR'S REPORT

### OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises all the information in the Company's 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 FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

### 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at: <http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

#### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

#### **Ng Ka Lok**

*Audit Engagement Director*

Practising Certificate Number P06084

Hong Kong, 25 June 2018

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
Loan interest income		10,535	9,025
Other revenue		48,765	53,988
<b>Total revenue</b>	6 & 9	<b>59,300</b>	63,013
Cost of sales		(22,179)	(22,116)
Gross profit		37,121	40,897
Other income	7	4,603	4,950
Administrative expenses		(63,526)	(41,350)
Fair value change on financial assets at fair value through profit or loss		(92,514)	(42,151)
Write off loan receivables	22	(532)	–
Impairment loss on trade receivables	21	(2,045)	(540)
<b>Loss from operations</b>		<b>(116,893)</b>	(38,194)
Finance costs	8	(6,963)	(5,398)
Share of results of associates and joint ventures	20	(166)	(2,933)
Fair value change on a derivative financial asset	24	(300)	(3,849)
Fair value change on promissory notes	30	–	2,350
Write off deposit paid for acquisition of an associate		–	(325)
Write off other receivables		(3,053)	(3,555)
Impairment loss on goodwill	18	(42,923)	(13,700)
Impairment loss on amount due from an associate		–	(5,500)
Impairment loss on amounts due from related companies		(4,714)	–
Loss on disposal of an associate		(613)	–
Loss on early redemption of promissory notes	30	(1,763)	–
Impairment loss on investment in an associate	20	–	(58,582)
<b>Loss before tax</b>	11	<b>(177,388)</b>	(129,686)
Income tax credit	10	1,170	7,186
<b>Loss for the year</b>		<b>(176,218)</b>	(122,500)
<b>Other comprehensive expenses for the year, net of tax:</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		2,010	(1,218)
<b>Total comprehensive expenses for the year</b>		<b>(174,208)</b>	(123,718)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(176,700)</b>	(124,323)
Non-controlling interests		<b>482</b>	1,823
		<b>(176,218)</b>	(122,500)
<b>Total comprehensive (expenses)/income for the year attributable to:</b>			
Owners of the Company		<b>(175,094)</b>	(125,330)
Non-controlling interests		<b>886</b>	1,612
		<b>(174,208)</b>	(123,718)
<b>Loss per share</b>			
	15		
Basic (HK cents)		<b>(3.45)</b>	(2.56)
Diluted (HK cents)		<b>(3.45)</b>	(2.56)

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	16	1,734	2,367
Intangible assets	17	12,800	12,800
Goodwill	18	121,698	164,621
Deposits placed for life insurance policies	19	2,588	–
Investments in associates and joint ventures	20	973	12,102
Other deposit		200	200
Deferred tax assets	32	1,320	–
		<b>141,313</b>	192,090
<b>Current assets</b>			
Trade receivables	21	18,457	47,546
Loan receivables	22	166,853	124,023
Prepayments, deposits and other receivables		29,562	18,584
Financial assets at fair value through profit or loss	23	57,888	143,198
Derivative financial asset	24	–	300
Amounts due from related parties	25	–	4,624
Bank and cash balances	26	17,653	89,674
		<b>290,413</b>	427,949
<b>Current liabilities</b>			
Trade payables	27	16,340	33,622
Accruals and other payables		26,499	17,246
Amount due to a director	28	1,744	2
Borrowings	29	3,729	3,466
Promissory notes	30	–	54,536
Obligations under finance leases	31	122	118
Current tax liabilities		1,810	3,730
		<b>50,244</b>	112,720
<b>Net current assets</b>		<b>240,169</b>	315,229

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 HK\$'000	2017 HK\$'000
<b>Non-current liabilities</b>			
Promissory notes	30	54,000	65,000
Obligations under finance leases	31	313	435
Deferred tax liabilities	32	2,112	2,112
		<b>56,425</b>	67,547
<b>NET ASSETS</b>			
		<b>325,057</b>	439,772
<b>Capital and reserves</b>			
Share capital	34	58,296	48,580
Reserves	35	256,784	382,101
Equity attributable to owners of the Company		<b>315,080</b>	430,681
Non-controlling interests		<b>9,977</b>	9,091
<b>TOTAL EQUITY</b>			
		<b>325,057</b>	439,772

**Ip Kwok Kwong**  
Director

**Wu Di**  
Director



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Notes	Attributable to owners of the Company								
		Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Foreign currency translation reserve HK\$'000	Accumulated losses HK\$'000	Share-based payment reserve HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 April 2016		48,580	542,908	5,359	(358)	(44,570)	4,032	555,951	6,750	562,701
Total comprehensive expenses for the year		-	-	-	(1,007)	(124,323)	-	(125,330)	1,612	(123,718)
Non-controlling interests arising from acquisition of a subsidiary		-	-	-	-	-	-	-	729	729
Equity-settled share-based payments	36	-	-	-	-	-	60	60	-	60
Effect of forfeiture of share options granted	36	-	-	-	-	44	(44)	-	-	-
At 31 March 2017		48,580	542,908	5,359	(1,365)	(168,849)	4,048	430,681	9,091	439,772
At 1 April 2017		48,580	542,908	5,359	(1,365)	(168,849)	4,048	430,681	9,091	439,772
Total comprehensive expenses for the year		-	-	-	1,606	(176,700)	-	(175,094)	886	(174,208)
Issue of shares on placing	34	9,716	38,864	-	-	-	-	48,580	-	48,580
Equity-settled share-based payments	36	-	-	-	-	-	10,913	10,913	-	10,913
Effect of forfeiture of share options granted	36	-	-	-	-	1,416	(1,416)	-	-	-
At 31 March 2018		58,296	581,772	5,359	241	(344,133)	13,545	315,080	9,977	325,057

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	<b>(177,388)</b>	(129,686)
Adjustments for:		
Share of results of associates and joint ventures	<b>166</b>	2,933
Impairment loss on investment in an associate	–	58,582
Impairment loss on trade receivables	<b>2,045</b>	540
Write off loan receivables	<b>532</b>	–
Reversal of impairment loss on trade receivables	–	(54)
Impairment loss on amount due from an associate	–	5,500
Impairment loss on amounts due from related companies	<b>4,714</b>	–
Write off other receivables	<b>3,053</b>	3,555
Write off deposit paid for acquisition of an associate	–	325
Reversal of impairment loss on loan receivables	–	(700)
Equity-settled share-based payments	<b>10,913</b>	60
Net premium charged on life insurance policies	<b>537</b>	–
Impairment loss on goodwill	<b>42,923</b>	13,700
Loss on early redemption of promissory notes	<b>1,763</b>	–
Fair value change on a derivative financial asset	<b>300</b>	3,849
Fair value change on financial assets at fair value through profit or loss	<b>92,514</b>	42,151
Loss on disposal of an associate	<b>613</b>	–
Fair value change on promissory notes	–	(2,350)
Depreciation	<b>851</b>	824
Bank interest income	<b>(15)</b>	(31)
Finance costs	<b>6,963</b>	5,398
Operating cash flows before movements in working capital	<b>(9,516)</b>	4,596
Change in trade and loan receivables	<b>(16,318)</b>	(20,500)
Change in prepayments, deposits and other receivables	<b>(14,031)</b>	(261)
Change in amounts due from related parties	<b>5,410</b>	(108)
Change in financial asset at fair value through profit or loss	<b>(7,204)</b>	(15,615)
Change in trade payables	<b>(17,282)</b>	21,127
Increase (decrease) in bank and cash balance from client trust accounts	<b>2,970</b>	(6,631)
Change in accruals and other payables	<b>5,599</b>	4,058
Change in amount due to a director	<b>1,742</b>	(154)
Change in amounts due to related parties	–	(1,605)
Cash used in operations	<b>(48,630)</b>	(15,093)
Income tax paid	<b>(2,093)</b>	(4,215)
Finance costs paid	<b>(341)</b>	(282)
<b>Net cash used in operating activities</b>	<b>(51,064)</b>	(19,590)

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	2018 HK\$'000	2017 HK\$'000
<b>Cash flows from investing activities</b>		
Proceeds from disposal of an associate	2,400	–
Dividend received from an associate	2,450	–
Net cash inflow arising on acquisition of a subsidiary	–	3,420
Bank interest received	15	31
Payment of deposits placed for life insurance policies	(3,125)	–
Purchase of property, plant and equipment	(156)	(231)
<b>Net cash generated from investing activities</b>	<b>1,584</b>	<b>3,220</b>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of new shares by ways of placing	48,580	–
Redemption of promissory notes	(70,267)	–
Proceeds from new borrowings	2,025	3,514
Repayment of borrowings	(3,532)	(1,563)
Issue of promissory notes	–	67,350
Repayment for finance leases	(118)	(67)
<b>Net cash (used in)/generated from financing activities</b>	<b>(23,312)</b>	<b>69,234</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(72,792)</b>	<b>52,864</b>
Effect of foreign exchange rate changes	2,037	(1,227)
Cash and cash equivalents at beginning of year	75,366	23,729
<b>Cash and cash equivalents at end of year</b>	<b>4,611</b>	<b>75,366</b>
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	6,315	75,366
Bank overdrafts	(1,704)	–
	<b>4,611</b>	<b>75,366</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 3 December 2010. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2703, 27th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 42 to the consolidated financial statements.

In the opinion of the directors of the Company (the "Directors"), as at 31 March 2018, Laberie Holdings Limited, a company incorporated in the British Virgin Islands ("BVI"), was the immediate parent; SEEC Media Group Limited, a company incorporated in the Cayman Islands, is the ultimate parent of the Company.

The shares of the Company were listed on the GEM of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 May 2011.

## 2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 April 2017 and has early adopted HKFRS 9 (2014) "Financial Instruments" since the year ended 31 March 2016. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current year and prior years.

The Group has not applied other new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment and derivative which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. The areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4 to the consolidated financial statements.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's return.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over 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 of the Group gains control until the date when the Group ceases to control the subsidiary.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive expenses for the year between the non-controlling shareholders and owners of the Company.

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Business combinations and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

When the consideration transferred by the Group in a business combination includes 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 at subsequent reporting dates with the corresponding gain or loss being recognised in consolidated profit or loss.

The excess of the cost of acquisition, the amount of any non-controlling interest in the subsidiary and the acquisition-date fair value of any previous equity interest in the subsidiary over the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Impairment losses of goodwill are recognized in consolidated profit or loss and are not subsequently reversed.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in other comprehensive income is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) its carrying amount plus any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Joint arrangements (Continued)

A joint arrangement is either a joint operation or a joint venture. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) its carrying amount plus any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Property, plant and equipment (Continued)

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Leasehold improvement	4 to 5 years
Furniture and equipment	5 years
Office equipment	4 to 5 years
Motor vehicle	5 years

The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in consolidated profit or loss.

### Trading rights

Trading rights are classified as intangible assets. Trading rights have an indefinite useful life and are carried at cost less accumulated impairment losses. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. The trading rights will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired.

The useful life of the trading rights is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is account for on a prospective basis.

### Leases

#### *The Group as lessee*

#### Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

#### Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the consolidated statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### *The Group as lessor*

##### Operating leases

Leases that do not substantially transfer to the lessees all the risks and rewards of ownership of assets are accounted for as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

### Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

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

### Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost; and
- Financial assets at fair value through profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Financial assets (Continued)

#### (i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

#### (ii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

### Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and financial guarantee contracts. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

### Derivative financial instruments

Derivatives are initially recognised at fair value at the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in consolidated profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in consolidated profit or loss depends on the nature of the hedge relationship.

### Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

### Borrowings

Borrowings and promissory notes are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

### Other financial liabilities

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

### Equity instruments

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

### Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Impairment of non-financial assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 (net of amortisation or depreciation) 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 consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow into the Group and the amount of revenue can be measured reliably, and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the provision of asset appraisal services and corporate services and consultancy is recognised when the services are rendered and the amount of revenue can be measured reliably, and it is probable that the economic benefits associated with the transactions will flow to the Group. Revenue from progressively billed asset appraisal services is recognised by reference to the percentage of completion of the transaction. Revenue from appraisal services which are billed one-off are only recognised when it is probable that the customers are willing to settle the billing, which generally coincide with the reports issue dates. Revenue from the provision of corporate services and consultancy with specified period is generally recognised on a straight-line basis over the period of services. Revenue from success-based corporate services and consultancy is recognised when the agreed services as set out in the agreements are rendered.

Revenue from the provision of asset advisory services is recognised when the revenue can be measured reliably, and it is probable that the economic benefits associated with the transactions will flow to the Group, i.e. fixed fee revenue is recognised when the relevant reports incidental to the transactions, such as due diligence investigation, viability study and evaluation of the target investment, is issued, and success-based revenue is recognised when the customers receives or pays the considerations of the underlying transactions.

Revenue from advertising services is recognised when the related advertisements are telecasted or displayed.

Interest income from financial services and financial assets is recognised on a time-proportion basis using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

Services income from financial services is recognised when the services are rendered.

Sub-leasing income is recognised on a straight-line basis over the lease term.

Management fee income is recognised when the services have been provided.

### Employee benefits

#### (i) Employee leave entitlements

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

#### (ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to consolidated profit or loss represents contributions payable by the Group to the funds.

#### (iii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

### Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. 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 shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to consultants are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date of the Group receives the services and is recognised as an expenses.

### Borrowing costs

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 capitalised as part of 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 borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

#### (c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Taxation

Income tax represents the sum of the current tax and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and a joint venture, 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.

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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Related parties

A related party is a person or entity that is related to the Group.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Segment reporting

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

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.

### Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

### Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 4. KEY ESTIMATES

### Key sources of estimation uncertainty

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, are discussed below.

#### (a) *Impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use and fair value less costs of disposal of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Calculation of fair value by market approach requires valuation technique which used prices and other relevant information generated by market transactions involving identical and comparable group of assets and liabilities or business, a suitable discount rate and marketability discount rate. The carrying amount of goodwill at the end of the reporting period was approximately HK\$121,698,000 (2017: approximately HK\$164,621,000). Details of the impairment loss assessment are provided in note 18 to consolidated financial statements.

#### (b) *Impairment loss on receivables*

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of receivables and doubtful debt expenses in the period in which such estimate has been changed.

#### (c) *Income taxes*

The Group is subject to income taxes in Hong Kong and the People's Republic of China (the "PRC"). Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

## 5. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

### (a) **Foreign currency risk**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are denominated in Hong Kong dollars.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Price risk

The Group's equity securities listed in Hong Kong is measured at fair value at the end of each reporting period. Therefore, the Group is exposed to equity security price risk.

At 31 March 2018, if the price per share of the investments increases/decreases by 10%, loss after tax for the year would have been decreased/increased by approximately HK\$4,834,000 (2017: loss after tax would have been decreased/increased by approximately HK\$8,600,000), arising as a result of the fair value loss of the investments.

### (c) Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31 March 2018 and 2017 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade receivables, loan receivables, other receivables, financial assets at fair value through profit or loss and bank and cash balances. In order to minimise credit risk, the Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the Directors review the recoverable amount of each individual debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- external credit rating (if available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the customer;
- significant increases in credit risk on other financial instruments of the same customer;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Credit risk (Continued)

A significant increase in credit risk is presumed if a customer is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 365 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a customer failing to engage in a repayment plan with the Group. The Group normally categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 2 years past due. Where loans or receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

80% (2017: 98%) of loan receivables as at 31 March 2018 are secured by listed shares. The Group closely monitors the value of the listed shares throughout the loan period.

The Group has no significant concentration of credit risk as at 31 March 2018 and 2017.

### (d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amount HK\$'000
At 31 March 2018						
Trade payables	16,340	–	–	–	16,340	16,340
Accruals and other payables	26,499	–	–	–	26,499	26,499
Amount due to a director	1,744	–	–	–	1,744	1,744
Borrowings	2,054	350	1,051	439	3,894	3,729
Promissory notes	–	–	58,860	–	58,860	54,000
	<b>46,637</b>	<b>350</b>	<b>59,911</b>	<b>439</b>	<b>107,337</b>	<b>102,312</b>
At 31 March 2017						
Trade payables	33,622	–	–	–	33,622	33,622
Accruals and other payables	17,246	–	–	–	17,246	17,246
Amount due to a director	2	–	–	–	2	2
Borrowings	3,772	–	–	–	3,772	3,466
Promissory notes	61,759	–	72,469	–	134,228	119,536
	<b>116,401</b>	<b>–</b>	<b>72,469</b>	<b>–</b>	<b>188,870</b>	<b>173,872</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 5. FINANCIAL RISK MANAGEMENT (Continued)

#### (e) Interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits. These deposits bear interest at variable rates varied with the prevailing market condition. The Group's borrowings and bank overdrafts bear interest at variable interest rates, promissory notes bear interest at fixed interest rates and therefore are subject to fair value interest rate risks.

The Group has no significant interest-bearing assets and liabilities, the Group's operating cash flows are substantially independent of changes in market interest rates.

#### (f) Categories of the Group's financial instruments

	2018 HK\$'000	2017 HK\$'000
<b>Financial assets:</b>		
Financial assets at fair value through profit or loss and derivative financial asset		
— Listed securities in Hong Kong (mandatorily measured)	57,888	102,998
— Convertible bonds (designated)	–	40,200
— Derivative financial asset (mandatorily measured)	–	300
Financial assets at amortised cost (including cash and cash equivalents)	<b>233,092</b>	282,808
<b>Financial liabilities:</b>		
Financial liabilities at amortised cost	<b>102,312</b>	173,872

#### (g) Fair values

Fair value estimates are made at a specific point of time and are based on relevant market information and information about the financial instruments. These estimates are subjective to nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The Group's financial assets at fair value through profit or loss and derivative financial asset are carried at fair value as at 31 March 2018 and 2017.

The following disclosures of fair value measurements use a fair value hierarchy which has three levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (g) Fair values (Continued)

#### Disclosures of level in fair value hierarchy at 31 March 2018:

Description	Fair value measurement using:			Total 2018 HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss:				
— Listed securities in Hong Kong	57,888	—	—	57,888

#### Disclosures of level in fair value hierarchy at 31 March 2017:

Description	Fair value measurement using:			Total 2017 HK\$'000
	Level 1	Level 2	Level 3	
	HK\$'000	HK\$'000	HK\$'000	
Financial assets at fair value through profit or loss:				
— Listed securities in Hong Kong	102,998	—	—	102,998
— Convertible bonds	—	40,200	—	40,200
Derivative financial asset	—	—	300	300

#### Disclosures of valuation process used by the Group and valuation techniques and inputs used in fair value measurements at 31 March 2018 and 2017:

The Directors are responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The Directors report directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held by the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 5. FINANCIAL RISK MANAGEMENT (Continued)

### (g) Fair values (Continued)

Level 2 fair value measurements

At 31 March 2017

Description	Valuation technique	Inputs	Fair value 2017 HK\$'000
Convertible bonds	Binomial model	The risk free interest rate, share price, volatility, dividend yield, and credit discount rate	40,200

Level 3 fair value measurements

At 31 March 2017

Description	Valuation technique	Unobservable inputs	Rate	Effect on fair value for increase of inputs	Fair value 2017 HK\$'000
Profit guarantees	Discounted cash flow	Weighted average cost of capital	18%	Decrease	
		Probability of being unable to meet profit guarantee	1%	Increase	300

### Reconciliation of assets measured at fair value based on level 3:

Description	Derivative financial asset	
	2018 HK\$'000	2017 HK\$'000
At beginning of the year	300	3,859
Addition	–	290
Net losses recognised in consolidated profit or loss (#)	(300)	(3,849)
At end of the year	–	300
(#) Include gain for assets held at the end of the reporting period	–	10

The total losses recognised in consolidated profit or loss included those assets held at the end of the reporting period are presented in fair value change on a derivative financial asset in the consolidated statement of profit or loss and other comprehensive income.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 6. REVENUE

The Group's revenue is as follows:

	2018 HK\$'000	2017 HK\$'000
Asset advisory services and asset appraisal	41,907	37,806
Corporate services and consultancy	2,534	1,260
Media advertising	1,547	14,502
Financial services	13,312	9,445
	<b>59,300</b>	63,013

### 7. OTHER INCOME

	2018 HK\$'000	2017 HK\$'000
Bank interest income	15	31
Reimbursement of out-of-pocket expenses	536	388
Sub-leasing income	2,187	2,066
Management fee income	443	1,232
Services fee income	500	–
Bad debt recovery	–	81
Waiver of other payables	581	–
Reversal on impairment loss on loan receivables	–	700
Sundry income	341	452
	<b>4,603</b>	4,950

### 8. FINANCE COSTS

	2018 HK\$'000	2017 HK\$'000
Finance lease charges	16	11
Interest on borrowings	247	179
Interest on promissory notes	6,622	5,116
Others	78	92
	<b>6,963</b>	5,398

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 9. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal report about the components of the Group that are regularly received by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Company's executive directors.

The Group has four operating and reportable segments as follows:

— Asset advisory services and asset appraisal

Provision of asset appraisal and asset advisory services, including real estate and fixed asset appraisal, mineral property appraisal, business and intangible asset valuation, financial instrument and derivative valuation and advisory related to various types of assets in particular properties.

— Corporate services and consultancy

Provision of company secretarial services, human resource management and other administrative services, accounting and tax services, corporate communication and marketing services, corporate governance, internal control, enterprise risk management services and management consultancy services.

— Media advertising

Provision of media advertising business services through in-elevator poster frames network and liquid-crystal displays network inside elevators or lobbies of middle to high-end residential community.

— Financial services

Provision of (i) financial credit services such as personal loans, commercial loans and mortgages to individuals and corporations and (ii) securities broking, placing and underwriting services and trading of securities.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technical requirements and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 3 to the consolidated financial statements. Segment profits or losses do not include corporate income and expenses, fair value change on financial assets at fair value through profit or loss, share of results of associates and a joint venture and finance costs, Segment assets do not include financial assets at fair value through profit or loss, amount due from related parties and unallocated corporate assets. Segment liabilities do not include obligations under finance lease, amount due to a director, amounts due to related parties and unallocated corporate liabilities. Segment non-current assets do not include corporate property, plant and equipment, goodwill, investments in associates and joint ventures.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 9. SEGMENT INFORMATION (Continued)

Information about reportable segment profits or losses, assets and liabilities:

	Asset advisory services and asset appraisal		Corporate services and consultancy		Media advertising		Financial services		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Years ended 31 March</b>										
Revenue from external customers	<b>41,907</b>	37,806	<b>2,534</b>	1,260	<b>1,547</b>	14,502	<b>13,312</b>	9,445	<b>59,300</b>	63,013
Segment profit/(loss)	<b>6,784</b>	6,744	<b>(9,510)</b>	(9,702)	<b>(2,830)</b>	9,483	<b>6,353</b>	5,169	<b>797</b>	11,694
<b>As at 31 March</b>										
Segment assets	<b>18,228</b>	19,723	<b>337</b>	457	<b>61,978</b>	107,018	<b>286,202</b>	272,847	<b>366,745</b>	400,045
Segment liabilities	<b>11,459</b>	9,001	<b>10,522</b>	8,829	<b>21,735</b>	22,988	<b>55,588</b>	70,160	<b>99,304</b>	110,978

Amounts included in the measurement of segment profit/(loss) or segment assets:

Bank interest income	-	-	-	-	<b>4</b>	14	<b>4</b>	-	<b>8</b>	14
Depreciation	<b>480</b>	455	<b>48</b>	90	<b>212</b>	228	<b>111</b>	51	<b>851</b>	824
Staff costs	<b>20,575</b>	20,104	<b>4,340</b>	4,695	<b>814</b>	630	<b>3,242</b>	1,555	<b>28,971</b>	26,984
Impairment loss on trade receivables	<b>2,014</b>	502	<b>31</b>	38	-	-	-	-	<b>2,045</b>	540
Write off loan receivables	-	-	-	-	-	-	<b>532</b>	-	<b>532</b>	-
Write off other receivables	<b>643</b>	600	<b>2,410</b>	2,955	-	-	-	-	<b>3,053</b>	3,555
Write off deposit paid for acquisition of an associate	-	-	-	325	-	-	-	-	-	325
Goodwill	-	-	-	-	<b>42,033</b>	84,956	<b>79,665</b>	79,665	<b>121,698</b>	164,621
Investment in associates and joint ventures	<b>973</b>	102	-	-	-	-	-	12,000	<b>973</b>	12,102
Additions to segment non-current assets	<b>142</b>	727	-	-	-	125	<b>14</b>	128	<b>156</b>	980

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 9. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment profits or losses, assets and liabilities are as follows:

	2018 HK\$'000	2017 HK\$'000
<b>Profit or loss</b>		
Total profit of reportable segments	797	11,694
Unallocated amounts:		
Equity-settled share-based payments	(10,913)	(60)
Fair value change on financial assets at fair value through profit or loss	(92,514)	(42,151)
Loss on disposal of an associate	(613)	–
Impairment loss on investment in an associate	–	(58,582)
Impairment loss on goodwill	(42,923)	(13,700)
Impairment loss on amounts due from related companies	(4,714)	–
Share of result of associates and joint ventures	(166)	(2,933)
Fair value change on a derivative financial asset	(300)	(3,849)
Fair value change on promissory notes	–	2,350
Other unallocated corporate expenses	(17,909)	(9,871)
Finance costs	(6,963)	(5,398)
Consolidated loss after tax	(176,218)	(122,500)
<b>Segment assets</b>		
Total assets of reportable segments	366,745	400,045
Unallocated corporate assets	7,093	72,172
Financial assets at fair value through profit or loss	57,888	143,198
Amounts due from related parties	–	4,624
Consolidated total assets	431,726	620,039
<b>Segment liabilities</b>		
Total liabilities of reportable segments	99,304	110,978
Unallocated corporate liabilities	5,186	68,734
Obligations under finance leases	435	553
Amount due to a director	1,744	2
Consolidated total liabilities	106,669	180,267

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 9. SEGMENT INFORMATION (Continued)

	2018 HK\$'000	2017 HK\$'000
<b>Bank interest income</b>		
Total interest income of reportable segments	8	14
Unallocated corporate interest income	7	17
<b>Consolidated interest income</b>	<b>15</b>	<b>31</b>

	2018 HK\$'000	2017 HK\$'000
<b>Depreciation</b>		
Total depreciation of reportable segments	851	824
Unallocated depreciation of corporate assets	–	–
<b>Consolidated depreciation</b>	<b>851</b>	<b>824</b>

	2018 HK\$'000	2017 HK\$'000
<b>Staff costs</b>		
Total staff costs of reportable segments	28,971	26,984
Unallocated corporate staff costs	1,091	2,664
<b>Consolidated staff costs</b>	<b>30,062</b>	<b>29,648</b>

Geographical information:

	Revenue from external customers		Non-current assets	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Hong Kong	57,192	47,360	97,440	106,459
The PRC except Hong Kong	2,108	15,653	42,553	85,631
<b>Consolidated total</b>	<b>59,300</b>	<b>63,013</b>	<b>139,993</b>	<b>192,090</b>

In presenting the geographical information, revenue is based on the locations of the customers and information about the non-current assets, except deferred tax assets, classified in accordance with geographical location of the assets at the end of the reporting period.

There was no revenue from customers contributing 10% or more of total revenue for the years ended 31 March 2018 and 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 10. INCOME TAX CREDIT

	2018 HK\$'000	2017 HK\$'000
Current tax — Hong Kong Profits Tax		
Provision for the year	473	970
Under/(over)-provision in prior years	195	(22)
	668	948
Current tax — Corporate Income Tax in the PRC		
Provision for the year	86	2,457
Over-provision in prior years	(604)	—
	(518)	2,457
Deferred tax credit (note 32)	(1,320)	(10,591)
	<b>(1,170)</b>	<b>(7,186)</b>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 March 2018 (2017: 16.5%).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. The Corporate Income Tax rate applicable to subsidiaries registered in the PRC is 25% for the year ended 31 March 2018 (2017: 25%).

The reconciliation between the income tax credit and the loss before tax is as follows:

	2018 HK\$'000	2017 HK\$'000
Loss before tax	(177,388)	(129,686)
Tax at the domestic income tax rate of 16.5% (2017: 16.5%)	(29,269)	(21,398)
Effect of different tax rates of subsidiaries	(331)	680
Tax effect of share of results of associates and joint ventures	27	484
Tax effect of expenses that are not deductible	30,403	16,095
Tax effect of income that is not taxable	(2,445)	(4,051)
Tax effect of temporary differences not recognised	18	16
Over-provision in prior years	(409)	(22)
Tax effect of unused tax loss not recognised	674	1,354
Tax effect of utilisation of tax losses not previously recognised	(95)	(212)
Others	257	(132)
	<b>(1,170)</b>	<b>(7,186)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 11. LOSS BEFORE TAX

The Group's loss before tax is stated after charging the following:

	2018 HK\$'000	2017 HK\$'000
Auditor's remuneration	780	870
Staff costs including directors' remunerations		
Salaries, bonus and allowances	29,115	28,665
Share-based payments	–	60
Retirement benefits scheme contributions	947	923
	<b>30,062</b>	29,648
Depreciation	851	824
Loss on early redemption of promissory notes	1,763	–
Fair value change on financial assets at fair value through profit or loss	92,514	42,151
Operating lease charges		
Land and buildings	9,454	10,556
Photocopier machines	225	97
	<b>9,679</b>	10,653

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 12. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS AND THE FIVE HIGHEST PAID INDIVIDUALS

The remunerations of each Director are as follows:

	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share- based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2018</b>						
Name of directors						
<i>Executive directors</i>						
Mr. Ip Kwok Kwong	-	4,346	-	-	18	4,364
Mr. Yip Chung Wai, David (note (a))	-	31	-	-	2	33
Mr. Wu Di	-	312	-	-	-	312
<i>Non-executive directors</i>						
Ms. Yang Yan (note (b))	220	-	-	-	-	220
Ms. Ma Lin (note (c))	123	-	-	-	-	123
<i>Independent non-executive directors</i>						
Mr. Tang Wai Kee (note (d))	73	-	-	-	-	73
Mr. So Chung Shing (note (e))	48	-	-	-	-	48
Mr. So Kwok Yun (note (f))	43	-	-	-	-	43
Mr. Chu Siu Lun, Ivan (note (g))	69	-	-	-	-	69
Mr. Cheung Ka Chun (note (h))	33	-	-	-	-	33
Mr. Tso Ping Cheong, Brian (note (i))	90	-	-	-	-	90
<b>Total</b>	<b>699</b>	<b>4,689</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>5,408</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 12. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

	Fees HK\$'000	Salaries and allowances HK\$'000	Discretionary bonus HK\$'000	Share- based payments HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
<b>Year ended 31 March 2017</b>						
Name of directors						
<i>Executive directors</i>						
Mr. Ip Kwok Kwong	–	4,253	–	–	18	4,271
Mr. Yip Chung Wai, David (note (a))	–	285	–	–	–	285
Mr. Wu Di	–	312	–	–	–	312
<i>Non-executive director</i>						
Ms. Ma Lin (note (c))	204	–	–	–	–	204
<i>Independent non-executive directors</i>						
Mr. So Chung Shing (note (e))	90	–	–	–	–	90
Mr. Chu Siu Lun, Ivan (note (g))	90	–	–	–	–	90
Mr. Tso Ping Cheong, Brian (note (i))	104	–	–	–	–	104
<b>Total</b>	<b>488</b>	<b>4,850</b>	<b>–</b>	<b>–</b>	<b>18</b>	<b>5,356</b>

Notes:

- (a) Resigned on 9 May 2017
- (b) Appointed on 7 November 2017
- (c) Resigned on 7 November 2017
- (d) Appointed on 28 September 2017
- (e) Resigned on 28 September 2017
- (f) Appointed on 15 December 2017
- (g) Resigned on 15 December 2017
- (h) Appointed on 8 January 2018
- (i) Resigned on 8 January 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 12. DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATIONS AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

The five highest paid individuals in the Group during the year ended 31 March 2018 included 1 (2017: 1) Director whose remunerations are reflected in the analysis presented above. The remunerations of the remaining 4 (2017: 4) individuals are set out below:

	2018 HK\$'000	2017 HK\$'000
Basic salaries and allowances	5,296	4,250
Retirement benefit scheme contributions	54	72
	<b>5,350</b>	<b>4,322</b>

The remunerations fell within the following bands:

	2018 Number of individuals	2017 Number of individuals
Nil to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	1	1

No Directors waived any emoluments for the years ended 31 March 2018 and 2017.

No remunerations were paid by the Group to any of the Directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2018 and 2017.

### 13. RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages, subject to a cap of monthly relevant income of HK\$30,000 and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries established in the PRC are members of a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of these subsidiaries. The only obligation of these subsidiaries with respect to the central pension scheme are to meet the required contributions under the scheme.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### **14. DIVIDENDS**

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: Nil).

### **15. LOSS PER SHARE**

#### **Basic loss per share**

The calculation of basic loss (2017: loss) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$176,700,000 (2017: loss of approximately HK\$124,323,000) and the weighted average number of ordinary shares of 5,124,157,641 (2017: 4,857,968,600 ordinary shares).

#### **Diluted loss per share**

Diluted loss per share attributable to owners of the Company for the years ended 31 March 2018 and 2017 are the same as the respective basic loss per share because all potential dilutive ordinary shares would decrease the loss per share, therefore, is anti-dilutive.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture and equipment HK\$'000	Office equipment HK\$'000	Motor vehicle HK\$'000	Total HK\$'000
<b>Cost</b>					
At 1 April 2016	1,782	1,735	2,654	1,091	7,262
Additions	112	4	61	675	852
Acquired through acquisition of a subsidiary	–	14	114	–	128
Exchange differences	–	(40)	(8)	(27)	(75)
At 31 March 2017 and 1 April 2017	1,894	1,713	2,821	1,739	8,167
Additions	28	9	119	–	156
Written-off	–	–	–	(647)	(647)
Exchange differences	12	165	17	45	239
At 31 March 2018	1,934	1,887	2,957	1,137	7,915
<b>Accumulated depreciation and impairment losses</b>					
At 1 April 2016	1,105	848	2,245	809	5,007
Charge for the year	201	231	206	186	824
Exchange differences	–	(13)	(4)	(14)	(31)
At 31 March 2017 and 1 April 2017	1,306	1,066	2,447	981	5,800
Charge for the year	182	218	219	232	851
Written-off	–	–	–	(647)	(647)
Exchange differences	1	130	12	34	177
At 31 March 2018	1,489	1,414	2,678	600	6,181
<b>Carrying amount</b>					
At 31 March 2018	445	473	279	537	1,734
At 31 March 2017	588	647	374	758	2,367

At 31 March 2018, the carrying amount of a motor vehicle held by the Group under finance leases amounted to approximately HK\$461,000 (2017: approximately HK\$596,000).

At 31 March 2018, the carrying amount of motor vehicle held by the Group amounted to approximately HK\$461,000 (2017: approximately HK\$596,000) was pledged to bank secure the finance leases granted to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 17. INTANGIBLE ASSETS

	<b>Trading rights</b> HK\$'000
<b>Cost</b>	
At 1 April 2016	–
Acquisition of a subsidiary	12,800
<hr/>	
At 31 March 2017, 1 April 2017 and 31 March 2018	12,800
<hr/>	
<b>Accumulated amortisation and impairment losses</b>	
At 1 April 2016	–
Impairment during the year	–
<hr/>	
At 31 March 2017, 1 April 2017 and 31 March 2018	–
<hr/>	
<b>Carrying amount</b>	
At 31 March 2018 and 2017	12,800

The trading rights are held by a subsidiary being acquired by the subsidiary of the Company during the year ended 31 March 2017. The trading rights have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the trading rights was considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful life are determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired during the year.

The Group reviews the recoverable amount of the trading rights. No impairment loss has been recognised during the years ended 31 March 2018 and 2017. The recoverable amount of the relevant assets has been determined based on fair value less costs of disposal ("FVLCD"), key assumptions used in the FVLCD included the earnings multiple of 8.91, marketability discount of 16.11% and control premium of 25% (level 3 fair value measurements).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 18. GOODWILL

	Media advertising activities (Note 1) HK\$'000	Money lending activities (Note 2) HK\$'000	Securities broking activities (Note 3) HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1 April 2016	84,956	26,755	–	111,711
Arising from business combination	–	–	66,610	66,610
<b>At 31 March 2017, 1 April 2017 and 31 March 2018</b>	<b>84,956</b>	<b>26,755</b>	<b>66,610</b>	<b>178,321</b>
<b>Impairment</b>				
Impairment loss recognised in the year ended 31 March 2017 and balance at 31 March 2017 and 1 April 2017	–	–	(13,700)	(13,700)
Impairment loss recognised during the year	(42,923)	–	–	(42,923)
	(42,923)	–	(13,700)	(56,623)
<b>Carrying amount</b>				
<b>At 31 March 2018</b>	<b>42,033</b>	<b>26,755</b>	<b>52,910</b>	<b>121,698</b>
At 31 March 2017	84,956	26,755	52,910	164,621

Notes:

- The recoverable amount of the CGU is determined on the basis of its value in use using discounted cash flow method (2017: fair value less costs of disposal). The key assumptions for the discounted cash flow method are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and risk specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The cash flow forecasts was derived from the most recent financial budgets approved by the management for the next three years with the residual period using the growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant market. The rate used to discount the forecast cash flows from the Group's media advertising activities is 20.2% and provision for impairment of approximately HK\$42,923,000 (2017: Nil) was recorded in consolidated statement of profit or loss for the year ended 31 March 2018.

The change in the valuation method is mainly due to the Group has sufficient and more reliable financial information of media advertising activities and the Group considers that the value in use method provide more reliable information about the recoverable amount as at 31 March 2018.

- The recoverable amount of the CGU is determined on the basis of its value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rate, growth rate and budgeted gross margin and turnover during the period. The Group estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and risk specific to the CGU. The growth rate is based on long-term average economic growth rate of the geographical area in which the business of the CGU operates. Budgeted gross margin and turnover are based on past practices and expectations on market development.

The cash flow forecasts was derived from the most recent financial budgets approved by the management for the next five years with the residual period using the growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant market. The rate used to discount the forecast cash flows from the Group's money lending activities is 12.7%.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 18. GOODWILL (Continued)

Notes: (Continued)

3. The recoverable amount of the CGU has been determined based on fair value less costs of disposal ("FVLCD") (2017: value in use). In determining the FVLCD of the CGU, management has adopted the market approach (level 3 fair value measurements), which have adopted earnings multiple in the valuation. Several companies with business scopes and operations similar to those of IAM Group Inc. were adopted as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- the comparable companies selected are principally engaged in provision of securities broking activities in Hong Kong;
- the companies have sufficient listing and operating histories; and
- the financial information of the companies is available to the public.

Key assumptions used in the FVLCD calculation of the CGU for 31 March 2018 included the earnings multiple of 8.91 marketability discount of 16.11% and control premium of 25%.

The change in the valuation method is mainly due to the Group considers that the fair value less costs of disposal method provide more reliable information about the recoverable amount as at 31 March 2018.

## 19. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	2018 HK\$'000	2017 HK\$'000
Deposits placed for life insurance policies	<b>2,588</b>	—

In June 2017, an indirectly owned subsidiary of the Company (the "Subsidiary") entered into a life insurance policy (the "Policy") with an insurance company to insure its chief operating officer. Under the Policy, the beneficiary and policy holder are the Subsidiary and the total insured sum is US\$1,288,342 (approximately HK\$10,112,000). At inception of the Policy, the Subsidiary was required to pay an upfront deposit of US\$400,000 (approximately HK\$3,125,000) including a premium charge amounted to US\$24,000 (approximately HK\$188,000). The Subsidiary can terminate the Policy at any time and receive cash refund based on the cash value of the Policy at the date of withdrawal, which is determined by the upfront payment of US\$400,000 plus accumulated interest earned and minus the premium charge at inception, and the accumulated insurance and policy expense charge (the "2nd Cash Value"). In addition, if the withdrawal is made between the 1st and 18th policy year, there will be a specific amount of surrender charge. The carrying amount of the Policy as at 31 March 2018 is stated on the assumption that the Policy was terminated at the end of the year.

The insurance company will pay the Subsidiary an interest of 3.55% per annum on the outstanding 2nd Cash Value of the Policy for the first year. Commencing on the second year, a minimum crediting interest rate of 2% per annum is guaranteed by the insurance company. As at 31 March 2018, the deposit placed on the Policy was pledged to a bank to secure banking facilities granted to the Subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

	2018 HK\$'000	2017 HK\$'000
Investments in associates:		
Unlisted investments		
Share of net assets	–	5,349
Goodwill	–	92,193
	–	97,542
Impairment loss	–	(85,542)
	–	12,000
Investment in joint ventures:		
Unlisted investments	<b>973</b>	102
Carrying amount at year end	<b>973</b>	12,102

### Investments in associates

Details of the Group's associates at 31 March 2018 and 2017 are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			2018	2017	
北京漢華信誠資產顧問有限公司*	The PRC	US\$60,000	<b>50%</b>	50%	Inactive
Greater China London Limited	United Kingdom	GBP112,500	<b>20%</b>	20%	Inactive
Boxin Holdings Limited ("Boxin")	B.V.I.	HK\$2	<b>0%#</b>	49%	Investment holding

\* The business license has been suspended since 18 July 2008.

# On 31 August 2017, the Company entered into the agreements with the existing shareholders of Boxin, pursuant to which the Company had conditionally agreed to sell a total of 49% equity interest in Boxin at a total consideration of HK\$2,400,000. The disposal was completed on 31 August 2017 and Boxin ceased to be an associate of the Group. The loss of approximately HK\$613,000 was recognised to the consolidated statement of profit or loss and other comprehensive income during the year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### Investments in associates (Continued)

The following table shows information of an associate that is material to the Group. The associate is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the associate.

Name	Boxin Holdings Limited	
	2018	2017
Principal place of business/country of incorporation	Hong Kong/BVI	
Principal activities	Trading and exchange of gold and silver	
% of ownership interests	<b>0%</b>	49%
	<b>HK\$'000</b>	HK\$'000
<b>At 31 March:</b>		
Non-current assets	–	203
Current assets	–	18,738
Current liabilities	–	(8,024)
Net assets	–	10,917
Group's share of net assets	–	5,349
Goodwill	–	6,651
Carrying amount of interests	–	12,000
<b>Period/year ended 31 March</b>		
Revenue	<b>287</b>	5,869
Loss and total comprehensive expenses for the period/year	<b>(2,117)</b>	(6,194)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 20. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (Continued)

#### Investment in joint ventures

Details of the Group's joint ventures at 31 March 2018 are as follows:

Name	Place of incorporation/ registration	Issued and paid-up capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			2018	2017	
Asia Pacific International Professional Managers Holdings Limited	BVI	US\$2	0%*	50%	Investment holdings
Greater China ESG Advisory Limited	Hong Kong	HK\$2	50%	50%	Provision of environmental, social and governance consulting

\* Disposed during the year and a gain of approximately of HK\$50,000 was recognised in other income.

The following tables show information of a joint venture that is material to the Group. This joint venture is accounted for in the consolidated financial statements using the equity method. The summarised financial information presented is based on the HKFRS financial statements of the joint ventures.

Name	Greater China ESG Advisory Limited	
	2018	2017
Principal place of business/country of incorporation	Hong Kong/Hong Kong	
Principal activities	Provision of environmental, social and governance consulting	
% of ownership interests	50%	50%
	HK\$'000	HK\$'000
<b>At 31 March:</b>		
Current assets	1,946	550
Current liabilities	–	(346)
Net assets	1,946	204
Group's share of net assets and carrying amount of interests	973	102
<b>Post-acquisition result — year ended 31 March</b>		
Revenue	3,501	745
Profit and total comprehensive income for the year/period	1,742	204

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 21. TRADE RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Trade receivables	<b>63,068</b>	90,112
Less: Impairment loss	<b>(44,611)</b>	(42,566)
	<b>18,457</b>	47,546

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 14 to 365 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by the senior management.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2018 HK\$'000	2017 HK\$'000
0 to 30 days	<b>10,910</b>	23,041
31 to 90 days	<b>3,474</b>	4,194
91 to 180 days	<b>2,376</b>	4,397
181 to 365 days	<b>1,551</b>	9,565
Over 365 days	<b>146</b>	6,349
	<b>18,457</b>	47,546

As at 31 March 2018, an allowance for estimated irrecoverable trade receivables of approximately HK\$44,611,000 (2017: HK\$42,566,000) has been made.

Reconciliation of allowance for trade receivables for the years ended 31 March 2018 and 2017 is set out below:

	2018 HK\$'000	2017 HK\$'000
Balance at the beginning of the year	<b>42,566</b>	42,080
Impairment loss recognised	<b>2,045</b>	540
Impairment loss reversed	–	(54)
Balance at the end of the year	<b>44,611</b>	42,566

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 21. TRADE RECEIVABLES (Continued)

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
At 31 March 2018						
Weighted average expected loss rate	–	–	–	–	100%	
Receivable amount (HK\$'000)	10,092	5,285	2,187	768	44,736	63,068
Loss allowance (HK\$'000)	–	–	–	–	(44,611)	(44,611)
At 31 March 2017						
Weighted average expected loss rate	–	–	–	–	87%	
Receivable amount (HK\$'000)	25,333	4,064	3,494	8,444	48,777	90,112
Loss allowance (HK\$'000)	–	–	–	–	(42,566)	(42,566)

### 22. LOAN RECEIVABLES

	2018 HK\$'000	2017 HK\$'000
Loan receivables	170,653	127,823
Impairment loss	(3,800)	(3,800)
	<b>166,853</b>	124,023
Analysed as:		
Current assets	<b>166,853</b>	124,023

As at 31 March 2018, loan receivables are denominated in Hong Kong dollar and carried at fixed effective interest rate ranging from 4.5% to 18% (2017: 4.5% to 24%) per annum and with the terms ranging from 90 days to 1.5 years (2017: 90 days to 1 year).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 22. LOAN RECEIVABLES (Continued)

As at the end of the reporting period, the aging analysis of loans receivables (net of impairment loss), based on loans draw down date, is as follows:

	2018 HK\$'000	2017 HK\$'000
31 to 90 days	37,800	–
91 to 180 days	57,379	239
181 to 365 days	52,000	82
Over 365 days	19,674	123,702
	<b>166,853</b>	124,023

For the year ended 31 March 2018, no allowance was made for estimated irrecoverable loan receivables (2017: Nil).

Reconciliation of allowance for loan receivables for the years ended 31 March 2018 and 2017 is set out below:

	2018 HK\$'000	2017 HK\$'000
Balance at the beginning of the year	3,800	4,500
Impairment loss reversed	–	(700)
Balance at the end of the year	<b>3,800</b>	3,800

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all loan receivables. To measure the expected credit losses, loan receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information and value of collateral.

	Current	Up to 3 months past due	3 to 6 months past due	6 to 12 months past due	Over 12 months past due	Total
At 31 March 2018						
Weighted average expected loss rate	–	–	–	–	67%	
Receivable amount (HK\$'000)	147,179	–	17,766	54	5,654	170,653
Loss allowance (HK\$'000)	–	–	–	–	(3,800)	(3,800)
At 31 March 2017						
Weighted average expected loss rate	–	–	–	–	78%	
Receivable amount (HK\$'000)	19,104	25,413	78,050	382	4,874	127,823
Loss allowance (HK\$'000)	–	–	–	–	(3,800)	(3,800)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

	Notes	2018 HK\$'000	2017 HK\$'000
Convertible bonds, at fair value	(a)	–	40,200
Equity securities, at fair value Listed in Hong Kong	(b)	<b>57,888</b>	102,998
		<b>57,888</b>	143,198

Notes:

- (a) On 14 October 2016, the Company acquired the convertible bonds in the principal amount of HK\$15,000,000 at the consideration of HK\$15,000,000 in cash. The issuer of the convertible bonds is China e-Wallet Payment Group Limited, a company listed on the Stock Exchange. The interest of the convertible bonds is 2.5% per annum and payable in arrear semi-annually starting from the issue date. The maturity date is 13 October 2019. The convertible bonds can be converted at any time from the date of issue of the convertible bonds up to the maturity date. The Company has engaged an independent professional valuer, Access Partner Consultancy & Appraisals Limited to carry out an independent valuation of the convertible bonds. A fair value gain of HK\$25,200,000 was recognised as at 31 March 2017.

On 4 July 2017, the Company exercised its right attaching to the convertible bonds of China e-Wallet Payment Group Limited to convert the convertible bonds in an aggregate principal amount of HK\$15,000,000 into 60,000,000 conversion shares at the prevailing conversion price of HK\$0.25 per conversion share.

- (b) At 31 March 2018, the fair value of the listed equity securities, amounting to approximately HK\$57,888,000 (2017: approximately HK\$102,998,000), was determined based on the quoted market bid prices of the corresponding listed equity securities.

### 24. DERIVATIVE FINANCIAL ASSET

	2018 HK\$'000	2017 HK\$'000
Fair value of the profit guarantees	–	300

The profit guarantees are obtained as part of the business combination of IAM Group Inc. for the year ended 31 March 2017.

The profit guarantees represent rights to the return of previously transferred considerations for the acquisitions with reference to the financial performance of the subsidiaries being acquired and hence constitute a contingent consideration arrangement.

At 31 March 2017, the profit guarantees were stated at fair values based on the valuation reports prepared by independent qualified professional valuers not connected with the Group.

During the period from 12 January 2017 to 31 March 2018, IAM Group Inc. earned a net profit after taxation of approximately HK\$9,400,000, which exceeded the net profit under profit guarantee.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 25. AMOUNTS DUE FROM RELATED PARTIES

	2018 HK\$'000	2017 HK\$'000
GreaterChina Mineral & Energy Consultants Limited (note 41)	–	4,311
Due from a joint venture-Greater China ESG Advisory Limited (note 41)	–	237
Related company-Cluttons GCA FE Limited	–	76
	–	4,624

The amounts due from related parties/joint ventures are unsecured, interest-free and have no fixed repayment terms.

### 26. BANK AND CASH BALANCES

	2018 HK\$'000	2017 HK\$'000
Cash on hand	90	64
Cash at bank		
— General accounts	6,225	75,302
— Trust accounts	11,338	14,308
	17,653	89,674

At 31 March 2018, the bank and cash balances of the Group denominated in RMB amounted to approximately HK\$806,000 (2017: approximately HK\$2,167,000). The RMB is not freely convertible into other currencies. However, under the PRC's Foreign Exchange Control Regulations and Administration of settlement, sale and payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

### 27. TRADE PAYABLES

The aging analysis of trade payables, based on invoice date is as follows:

	2018 HK\$'000	2017 HK\$'000
0–90 days	15,967	33,015
91–180 days	347	581
Over 365 days	26	26
	16,340	33,622

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 28. AMOUNT DUE TO A DIRECTOR

The amount due to a director is unsecured, interest-free and have no fixed repayment terms.

### 29. BORROWINGS

	2018 HK\$'000	2017 HK\$'000
Bank loan — on demand	2,025	1,466
Bank overdrafts — on demand	1,704	—
Other loan repayable within 1 year	—	2,000
	<b>3,729</b>	3,466

The carrying amount of the Group's bank loan was denominated in HK\$ and the variable interest rate at 31 March 2018 was 2.5% per annum (2017: average fixed interest rate was 7.32% per annum and denominated in RMB), and the carrying amount of the Group's bank overdrafts was denominated in HK\$ and the variable interest rate at 31 March 2018 was 4.5% per annum (2017: Nil) which were pledged by the deposit placed for life insurance policies at 31 March 2018.

The other loan as at 31 March 2017 were denominated in HK\$, secured by personal guarantee of an executive Director and carried an interest charge at 18% per annum.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 30. PROMISSORY NOTES

	Promissory notes 1 HK\$'000 (Note 1)	Promissory notes 2 HK\$'000 (Note 2)	Promissory notes 3 HK\$'000 (Note 3)	Total HK\$'000
At 1 April 2016	18,828	30,592	–	49,420
Issue of the promissory notes, at fair value	–	–	65,000	65,000
Interest on promissory notes	1,772	3,344	–	5,116
At 31 March 2017 and 1 April 2017	20,600	33,936	65,000	119,536
Interest on promissory notes	600	2,518	3,504	6,622
Redemption of promissory notes	–	–	(70,267)	(70,267)
Loss on early redemption of promissory notes	–	–	1,763	1,763
Accrued coupon interest	(1,200)	(2,454)	–	(3,654)
At 31 March 2018	20,000	34,000	–	54,000
Analysed as:				
Non-current liabilities	20,000	34,000	–	54,000

Notes:

- On 13 November 2014, the Company issued a series of promissory notes with total principal amounts of HK\$110,000,000 to an independent third party (the "Vendor") as part of the consideration for an acquisition (the "Acquisition") of 80% equity interest in Golden Vault Limited by the Group. The promissory notes were interest-bearing at 3% per annum. The maturity date is the day falling on the tenth business day from the date of receipt by the Group of the 2016 Auditors' certificate.

Pursuant to the terms of the Acquisition, the Vendor have irrevocably and unconditionally warranted and guaranteed to the subsidiary of the Company the profits after taxation of Golden Vault Limited calculated in accordance with HKFRS for the years ending 31 December 2015 and 2016 will not be less than RMB6,000,000 (the "2015 Guaranteed Profit") and RMB6,200,000 (the "2016 Guaranteed Profit"). In the event the 2015 Guaranteed Profit or 2016 Guaranteed Profit is not fulfilled, the Vendor shall compensate the Group an amount calculated according to the agreement by way of setting off against the outstanding amount of the promissory note or in cash.

Based on the valuation carried out by a firm of independent qualified professional valuers, the fair value of the promissory notes at the date of issue was approximately HK\$92,388,000. The effective interest rate of the promissory notes were 10.96% per annum.

On 23 October 2015, an aggregate principal amount of HK\$90,000,000 with accrued interest thereon were early redeemed by the Company, and settled by the net proceeds from the placing and the subscription of the Company's shares. A loss on early redemption of the promissory note of approximately HK\$9,026,000 was recognised in the consolidated profit or loss.

On 26 March 2018, the Company renewed the promissory notes with the promissory notes holder. The promissory notes are interest-bearing at 3% per annum. The maturity date is the date falling three years from 26 March 2018.

- On 22 October 2015, the Company issued promissory notes (the "Promissory notes 2") in an aggregate principal amount of HK\$34,000,000 for the acquisition of additional 19% of the entire issued share capital of Boxin from an independent third party. The Promissory notes 2 were interest-bearing at 3% per annum.

Based on the valuation carried out by a firm of independent qualified professional valuers, the fair value of the promissory note at the date of issue was approximately HK\$29,209,000. The effective interest rate of the promissory note is 10.60% per annum. The Promissory notes 2 were extended for three years on 3 November 2017 (the original due date of the Promissory note 2) to 3 November 2020.

- On 31 March 2017, the Company issued promissory notes (the "Promissory notes 3") in an aggregate principal amount of HK\$67,350,000. The promissory notes 3 were interest-bearing at 7.6%. The maturity date was falling on the next Business Day from the second anniversary of the issue date.

Based on the valuation carried out by a firm of independent qualified professional valuers, the fair value of the promissory note at the date of issue was approximately HK\$65,000,000. The effective interest rate of the promissory note was 9.17% per annum.

On 25 October 2017, an aggregate principal amount of HK\$67,350,000 with accrued interest thereon were early redeemed by the Company. A loss on early redemption of the promissory note of approximately HK\$1,763,000 was recognised in the consolidated profit or loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 31. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Within one year	134	135	122	118
In the second to fifth years, inclusive	325	459	313	435
	459	594	435	553
Less: Future finance charges	(24)	(41)	N/A	N/A
Present value of lease obligations	435	553	435	553
Less: Amount due for settlement within 12 months (shown under current liabilities)			(122)	(118)
Amount due for settlement after 12 months			313	435

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is 5 years. At 31 March 2018, the average effective borrowing rate was 3.21%. Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. At the end of each lease term, the Group has the option to purchase the motor vehicle at nominal prices.

### 32. DEFERRED TAX

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

	2018 HK\$'000	2017 HK\$'000
Deferred tax assets	1,320	–
Deferred tax liabilities	(2,112)	(2,112)
	(792)	(2,112)

The deferred tax liabilities is related to trading rights acquired for the year ended 31 March 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 32. DEFERRED TAX (Continued)

The following is the deferred tax liabilities and assets recognised by the Group.

	Financial assets at fair value through profit or loss HK\$'000	Trading rights HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 April 2016	(10,591)	–	–	(10,591)
Credit to profit or loss for the year	10,591	–	–	10,591
Acquisition of a subsidiary	–	(2,112)	–	(2,112)
At 31 March 2017 and 1 April 2017	–	(2,112)	–	(2,112)
Credit to profit or loss for the year	–	–	1,320	1,320
At 31 March 2018	–	(2,112)	1,320	(792)

At 31 March 2018, the Group has unused tax losses of approximately HK\$106,243,000 (2017: approximately HK\$123,941,000) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$8,000,000 (2017: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining of approximately HK\$98,243,000 (2017: approximately HK\$123,941,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$3,746,000 (2017: HK\$3,538,000) that will expire as follows:

	2018 HK\$'000	2017 HK\$'000
Year 2018	–	915
Year 2019	719	719
Year 2020	65	65
Year 2021	475	475
Year 2022	1,364	1,364
Year 2023	1,123	–
	<b>3,746</b>	<b>3,538</b>

Other tax losses may be carried forward indefinitely.

Temporary differences arising in connection with interests in subsidiaries, associates and joint ventures are insignificant.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 33. BANKING FACILITIES

At 31 March 2018, the Group had banking facilities in respect of bank loan and overdrafts of approximately HK\$2,248,000 and HK\$2,300,000 respectively, which were secured by deposits placed for life insurance policies (2017: Nil).

At 31 March 2018, the Group had banking facilities in respect of corporate credit card of approximately HK\$500,000 (2017: approximately HK\$300,000).

### 34. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 (2017: HK\$0.01) each At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	10,000,000	100,000
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 (2017: HK\$0.01) each At 1 April 2016, 31 March 2017 and 1 April 2017	4,857,969	48,580
Placing of shares	Note 971,590	9,716
At 31 March 2018	5,829,559	58,296

Note:

On 28 November 2017, the Company and the placing agent entered into the placing agreement pursuant to which the placing agent has conditionally agreed to place, on a best effort basis, to not less than six places, for up to 971,590,000 placing shares at the placing price of HK\$0.05 per placing share. The placing of new shares was completed on 22 December 2017. The gross proceeds from the share placing is approximately HK\$48,580,000, a placing commission of approximately HK\$1,457,000 was paid to Infast Brokerage Limited, an indirect subsidiary of the Company.

The Group manages its capital to maintain an optimal capital structure so as to maximise the return to its shareholders, to protect the interests of its shareholders, safeguard the Group's ability to continue as a going concern and to be able to serve its debts when they are due. In order to maintain and/or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, obtain various forms of debt/equity financing available in the market at an appropriate cost when necessary.

Management reviews the capital structure on a quarterly basis. As a part of this review, management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The Group's overall strategy remains unchanged during the year ended 31 March 2018.

The only externally imposed capital requirement of the Group to maintain its listing on the Stock Exchange, it has to have a public float of at least 25% of the shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 35. RESERVES

#### (a) Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity.

#### (b) Company

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2016	542,908	4,032	(64,717)	482,223
Total comprehensive expenses for the year	–	–	(100,182)	(100,182)
Equity-settled share-based payments	–	60	–	60
Effect of forfeiture of share options granted	–	(44)	44	–
At 31 March 2017	542,908	4,048	(164,855)	382,101
Total comprehensive expenses for the year	–	–	(175,094)	(175,094)
Issue of shares on placing	38,864	–	–	38,864
Equity-settled share-based payments	–	10,913	–	10,913
Effect of forfeiture of share options granted	–	(1,416)	1,416	–
	581,772	13,545	(338,533)	256,784

#### (c) Nature and purpose of reserves

##### (i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

##### (ii) Capital reserve

The capital reserve of the Group represents (i) the original investment costs in the Greater China Appraisal Limited and GCA Holdings Limited incurred by the Group, (ii) the non-controlling interests in the retained profits of Greater China Appraisal Limited and GCA Holdings Limited acquired by GCA Professional Services Group Limited upon a group reorganisation in 2010, and (iii) the difference of the cost of 999 ordinary shares issued in exchange for the entire shareholdings of Fidelia Investments Limited and New Valiant Limited and the nominal value of issued and paid up shares of the subsidiaries existed immediately before the Group Reorganisation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 35. RESERVES (Continued)

### (c) Nature and purpose of reserves (Continued)

#### (iii) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 3 to the consolidated financial statements.

#### (iv) Share-based payment reserve

The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity settled share-based payments in note 3 to the consolidated financial statements.

## 36. SHARE-BASED PAYMENTS

### Equity-settled share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time employees, officers, directors of the Company and the Company's subsidiaries. The Scheme was adopted by a resolution of the Company on 18 May 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years commencing from the adoption date as defined in the scheme.

The maximum number of shares in respect of which options may be granted at any time under the Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of shares as equals 10% of the issued share capital of the Company at the date of approval of the Scheme. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting. Unless approved by the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue.

Each grant of options to any of the directors, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive directors (excluding the independent non-executive director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder of the Company or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the shares in issue; and
- (ii) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be approved by shareholders of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 36. SHARE-BASED PAYMENTS (Continued)

#### Equity-settled share option scheme (Continued)

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by each grantee. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

#### Share option lot A

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Option B1	6 January 2012	From 30 January 2012 to 17 May 2021	HK\$0.16	356,700
Option F	6 January 2012	From 1 July 2012 to 17 May 2021	HK\$0.16	147,600
Option H	6 January 2012	From 30 January 2012 to 17 May 2021	HK\$0.16	73,800
Option J2	6 January 2012	From 1 January 2014 to 17 May 2021	HK\$0.16	184,500
Option J3	6 January 2012	From 1 January 2015 to 17 May 2021	HK\$0.16	369,000
				1,131,600

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 36. SHARE-BASED PAYMENTS (Continued)

#### Equity-settled share option scheme (Continued)

Details of the share options outstanding during the year are as follows:

	2018		2017	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	1,131,600	0.16	1,685,100	0.16
Forfeited during the year	–	0.16	(553,500)	0.16
Outstanding at the beginning and the end of the year	1,131,600	0.16	1,131,600	0.16
Exercisable at the end of the year	1,131,600	0.16	1,131,600	0.16

The option outstanding at 31 March 2018 had exercise prices of HK\$0.16 (2017: 0.16) and a weighted average remaining contractual life of 3.13 years (2017: 4.13 years).

#### Share option lot B

Grantee	Date of grant	Exercisable period	Exercise price	Number of share options outstanding
Directors	27 August 2015	From 27 August 2015 to 26 August 2018	HK\$0.367	8,575,000
Employees	27 August 2015	From 27 August 2015 to 26 August 2018	HK\$0.367	8,575,000
				17,150,000

Details of the share options outstanding during the year are as follows:

	2018		2017	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the year	26,570,000	0.367	26,570,000	0.367
Forfeited during the year	(9,420,000)	0.367	–	0.367
Outstanding at the end of the year	17,150,000	0.367	26,570,000	0.367
Exercisable at the end of the year	17,150,000	0.367	26,570,000	0.367



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 36. SHARE-BASED PAYMENTS (Continued)

#### Equity-settled share option scheme (Continued)

The Company has used the Binominal Option Pricing Model to assess the fair value of the share options granted under the Share Option Scheme and such fair value was approximately HK\$3,964,000. The Company has recognised as expense in prior years.

The option outstanding at 31 March 2018 had exercise prices of HK\$0.367 (2017: HK\$0.367) and the remaining contractual life of 0.41 year (2017: 1.41 years).

#### Share option lot C

Grantee	Date of grant	Exercisable period	Exercise price	Outstanding at 1 April 2017	Granted during the year	Outstanding at 31 March 2018
Consultants	10 November 2017	From 10 November 2017 to 9 November 2020	HK\$0.0726	–	485,750,000	485,750,000
Exercisable at the end of the year						485,750,000

The Company has used the Binominal Option Pricing Model to assess the fair value of the share options granted under the Share Option Scheme and such fair value was approximately HK\$10,913,000. The Company has recognised as expenses in the amount of approximately HK\$10,913,000 for the year.

These fair values were calculated using the Binominal Option Pricing Model.

The inputs into the model are as follows:

Closing share price at date of grant	HK\$0.068
Exercise price	HK\$0.0726
Volatility	180.00%
Expected dividend yield	0.00%
Expected Exercise Multiple	140.00%
Risk free rate	1.27%

The fair value of the options will be amortised over the vesting period and expensed in the consolidated profit or loss.

The option outstanding at 31 March 2018 had exercise prices of HK\$0.0726 and the remaining contractual life of 2.6 years.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Bank borrowing HK\$'000	Obligations under finance leases HK\$'000	Promissory notes HK\$'000	Total liabilities from financing activities HK\$'000
At 1 April 2017	3,466	553	119,536	123,555
Changes in cash flows	(1,507)	(118)	(70,267)	(71,892)
Changes in cash flows addition of bank overdrafts	1,704	–	–	1,704
Non-cash changes				
— Imputed interest on promissory notes	–	–	6,622	6,622
— Accrued coupon interest	–	–	(3,654)	(3,654)
— Loss on early redemption of promissory notes	–	–	1,763	1,763
— exchange differences	66	–	–	66
At 31 March 2018	3,729	435	54,000	58,164

### 38. CONTINGENT LIABILITIES

As at 31 March 2018, the Group had no material contingent liabilities (2017: Nil).

### 39. CAPITAL COMMITMENT

As at 31 March 2018, the Group did not have any significant capital commitments (2017: Nil).

### 40. LEASE COMMITMENTS

As at 31 March 2018, the Group's total future minimum lease payments under non-cancellable operating leases are payables as follows:

	2018 HK\$'000	2017 HK\$'000
Within one year	5,065	6,943
In the second to fifth years, inclusive	170	5,235
	<b>5,235</b>	12,178

Operating lease payments represent rentals payable by the Group for certain of its offices rent. Leases are negotiated for terms of three years and rentals are fixed over the lease terms and do not include contingent rentals.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 40. LEASE COMMITMENTS (Continued)

At 31 March 2018, the total future minimum lease receivable under non-cancellable operating leases are receivable as follows:

	2018 HK\$'000	2017 HK\$'000
Within one year	1,460	1,860
In the second to fifth years, inclusive	–	1,460
	<b>1,460</b>	<b>3,320</b>

Operating lease payments represent rentals receivable by the Group for certain of its offices. Leases were negotiated for an average term of three years and rentals are fixed over the lease terms and no contingent rentals were included.

### 41. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere to the consolidated financial statements, the Group had the following transactions with its related parties during the year:

	Name of directors and related parties having beneficial interest in the transaction	2018 HK\$'000	2017 HK\$'000
Corporate services and consultancy income from related companies			
— Greater China Capital Limited	Mr. Ip Kwok Kwong, and Mr. Wong Chi Keung (a)	396	393
— Greater China ESG Advisory Limited	Joint venture	443	392
— GreaterChina Mineral & Energy Consultants Limited	Mr. Ip Kwok Kwong, and Mr. Wong Chi Keung (a)	–	840

(a) Mr. Wong Chi Keung is a non-controlling shareholder having significant influence to the Group.

The key management personal compensation paid by the Group is disclosed in note 12 to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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

(a) Particulars of the subsidiaries as at 31 March 2018 were as follows:

Name	Place of incorporation/ operation	Issued and paid-up capital	Percentage of ownership interest/voting power/profit sharing		Principal activities
			Direct	Indirect	
Zhong Nan Investment Limited	BVI/Hong Kong	US\$1	100%	–	Investment holding
Greater China Appraisal Limited	Hong Kong	HK\$1,600,000	–	80.1%	Provision of asset appraisal services
Greater China Consultants Limited	BVI/Hong Kong	US\$1	–	100%	Provision of corporate and consultancy services
Greater China Corporate Consultancy & Services Limited	Hong Kong	HK\$2	–	100%	Provision of corporate services and consultancy
Linkson Investment Limited	Hong Kong	HK\$2	–	100%	Sub-leasing of office
漢華正立資本管理諮詢(北京)有限公司*	The PRC	HK\$2,000,000	–	100%	Provision of consultancy services
Creative Market Holdings Limited	BVI/Hong Kong	US\$1	–	100%	Investment Holding
Greater China Asset Services Limited	Hong Kong	US\$1	–	100%	Provision of asset appraisal services, corporate consultancy services and property agency services
上海熱潮多媒體廣告有限公司*	The PRC	HK\$620,000	–	80%	Provision of media advertising services
常熟金視廣告傳媒有限公司*	The PRC	RMB500,000	–	80%	Provision of media advertising services
張家港金凱廣告傳媒有限公司*	The PRC	RMB500,000	–	80%	Provision of media advertising services
Alright Venture Limited	BVI/Hong Kong	US\$150	–	100%	Investment holding
Colbert Finance Limited	Hong Kong	HK\$3,000,000	–	100%	Provision of financial credit services
Infast Brokerage Limited	Hong Kong	HK\$42,000,000	–	95%	Provision of securities broking, placing and underwriting services and trading of securities

The above list contains the particulars of subsidiaries of the Company which principally affected the results, assets or liabilities of the Group.

\* a limited liability enterprise

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### 42. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

#### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests ("NCI")

The following table shows information of the subsidiaries that has NCI material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Greater China Appraisal Limited		Golden Vault Limited	
	Hong Kong/Hong Kong		Hong Kong/BVI	
Principal place of business/country of incorporation	2018	2017	2018	2017
% of ownership interest/voting rights held by NCI	19.9%	19.9%	20%	20%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>At 31 March:</b>				
Non-current assets	3,707	1,452	513	664
Current assets	38,000	32,498	19,432	21,430
Current liabilities	(16,787)	(11,078)	(548)	(2,398)
Non-current liabilities	(313)	(435)	–	–
Net assets	24,607	22,437	19,397	19,696
Carrying amount of NCI	4,897	4,465	3,879	3,939
<b>Years ended 31 March:</b>				
Revenue	41,023	35,916	1,547	14,502
Profit/(loss) for the year	2,170	2,434	(2,318)	6,906
Profit allocated to NCI	432	484	(464)	1,381
Total comprehensive income/(expenses) for the year	2,170	2,434	(300)	6,695
Net cash (used in)/generated from operating activities	(300)	(594)	165	108
Net cash (used in)/generated from investing activities	(3,267)	(106)	4	(112)
Net cash generated from/(used in) financing activities	1,818	(161)	(1,538)	(119)
Net decrease in cash and cash equivalents	(1,749)	(861)	(1,369)	(123)

#### (c) Significant restriction

As at 31 March 2018, the bank and cash balances of the Company's subsidiaries in the PRC denominated in Renminbi amounted to approximately HK\$609,000 (2017: approximately HK\$1,977,000). Conversion of Renminbi into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

## 43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2018 HK\$'000	2017 HK\$'000
<b>Non-current asset</b>		
Interests in subsidiaries	–	–
<b>Current assets</b>		
Other receivables	186	195
Amounts due from subsidiaries	395,487	505,419
Bank and cash balances	1,846	67,444
	<b>397,519</b>	<b>573,058</b>
<b>Current liabilities</b>		
Other payables	8,563	2,828
Borrowings	–	2,000
Amounts due to subsidiaries	19,876	18,013
Promissory notes	–	54,536
	<b>28,439</b>	<b>77,377</b>
<b>Net current assets</b>	<b>369,080</b>	<b>495,681</b>
<b>Non-current liability</b>		
Promissory notes	54,000	65,000
<b>NET ASSETS</b>	<b>315,080</b>	<b>430,681</b>
<b>Capital and reserves</b>		
Share capital	58,296	48,580
Reserves	256,784	382,101
<b>TOTAL EQUITY</b>	<b>315,080</b>	<b>430,681</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

### **44. EVENT AFTER THE REPORTING PERIOD**

There are no significant events happened after the end of the reporting period.

### **45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 25 June 2018.

## FINANCIAL SUMMARY

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

### RESULTS

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>(176,700)</b>	(124,323)	(3,473)	(127,602)	31,282

### ASSETS AND LIABILITIES

	As at 31 March				
	2018	2017	2016	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TOTAL ASSETS	<b>431,726</b>	620,039	645,170	261,710	159,326
TOTAL LIABILITIES	<b>(106,669)</b>	(180,267)	(82,469)	(121,621)	(11,428)
	<b>325,057</b>	439,772	562,701	140,089	147,898