易還財務投資有限公司
EASY REPAY FINANCE & INVESTMENT LIMITED
Continued in Bermuda with limited liability
Stock Code : 8079

Annual Report 2018/19

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the "Directors") of Easy Repay Finance & Investment Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (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 document misleading.

Contents

FINANCIAL SUMMARY

Annual results for the five years from 2015

	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2017	Year ended 31 March 2016	Year ended 31 March 2015
	HK$'000	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**206,268**	191,768	181,610	119,516	66,859
(Loss)/profit for the year	**(37,134)**	(6,488)	26,397	32,999	40,921
(Loss)/profit attributable to owners of the Company	**(37,108)**	(6,756)	26,315	32,922	40,724

	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
	HK$'000	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**443,488**	519,463	514,707	487,794	522,696
Total liabilities	**(23,585)**	(39,496)	(24,436)	(24,718)	(100,672)
	419,903	479,967	490,271	463,076	422,024

CORPORATE INFORMATION

Directors

Executive Directors

Mr. SHIU Yeuk Yuen – Chairman
Ms. SIU Yeuk Hung, Clara
Mr. LEUNG Ge On, Andy (deceased on 25 August 2018)

Independent Non-executive Directors

Dr. SIU Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)
Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)*
Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
Mr. SIU Chi Yiu, Kenny (appointed on 8 May 2019)

Company Secretary

Mr. TO Chi, *CPA, FCCA*

Compliance Officer

Ms. SIU Yeuk Hung, Clara (appointed on 25 August 2018)
Mr. LEUNG Ge On, Andy (deceased on 25 August 2018)

Authorised Representatives

Mr. SHIU Yeuk Yuen
Ms. SIU Yeuk Hung, Clara (appointed on 25 August 2018)
Mr. LEUNG Ge On, Andy (deceased on 25 August 2018)

Audit Committee

Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)*
Dr. SIU Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)
Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
Mr. SIU Chi Yiu, Kenny (appointed on 8 May 2019)

Remuneration and Nomination Committee

Mr. KAM Tik Lun, *CPA, FCCA, LL.M (ICFL)*
Mr. SHIU Yeuk Yuen
Ms. SIU Yeuk Hung, Clara (appointed on 25 August 2018)
Dr. SIU Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)
Mr. HO Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
Mr. LEUNG Ge On, Andy (deceased on 25 August 2018)

Legal Adviser on the Bermuda Law

Appleby

Auditor

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

Principal Share Registrar and Transfer Office

Estera Management (Bermuda) Ltd
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Tricor Standard Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

Head Office and Principal Place of Business in Hong Kong

Unit A, 8/F, D2 Place Two,
15 Cheung Shun Street,
Cheung Sha Wan, Kowloon,
Hong Kong

Principal Bankers

Bank of China (Hong Kong) Limited
409-415 Hennessy Road, Wanchai
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
99 Queen's Road Central
Hong Kong

Stock Code

8079

Website

http://www.ecrepay.com

CHAIRMAN'S STATEMENT

On behalf of the board of Directors (the "Board"), I present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2019 to the shareholders.

The money lending business has continued to achieve satisfactory result in previous years and will continue to be the core business of the Group and generate stable income to the Group. The revenue of this segment is HK$60.1 million.

The Company reviewed that e-commerce has been a part of the modern urban lifestyle in Hong Kong. The Group has been developing the retails and online sales business since 2015. The Group will continue to develop self-owned brand products, namely Master Chef Series and FRESHNESSMART, and source different types of products from local or overseas suppliers to satisfy the ever-changing needs of our customers.

The wholesale business has been participating since year 2015. It generates a stable income to the Group.

The Group engages catering coupon distribution business in Hong Kong from 2016. Customers are eager to purchase the catering coupons with discounts and more pleased to dine out. The Group cooperates with certain key catering companies and builds an extensive sales channel and network. It is expected to bring benefits to our shareholders.

PROSPECTS

The Company expects the loan portfolio of money lending business to grow in coming years. It will bring stable revenue and profit to the Group.

The Company targets to integrate those retails and wholesales business through e-commerce and also expects it will become an independent and significant profit center of the Group.

In spite of all these expansion plans, the Group has been actively seeking suitable investment opportunities for business diversification. The Group will explore into different industry sectors so as to expand and diversify the scope of the Group's business.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to our shareholders, customers and staff members for their support in the past years. I would also like to express my personal appreciation to my fellow Board members for their continuous valuable contributions.

Mr. Shiu Yeuk Yuen
Chairman
Hong Kong, 25 June 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

Revenue for the financial year ended 31 March 2019 was approximately HK$206.3 million, representing an increase of approximately 7.6% when compared with the same period last year. The loss is mainly due to the increase in the administrative expenses and the increase in impairment on loans and advances to customers due to the adoption of an expected credit loss model under Hong Kong Financial Reporting Standard 9 Financial Instruments issued by the Hong Kong Institute of Certified Public Accountant.

Money Lending Business

After actively participating in money lending business for more than seven years, a solid client base has been built. In the financial year, revenue for this segment under review was approximately HK$60.1 million, representing 2.6% decrease when compare with the operations in 2018.

Retail and Wholesale Business

The Group is operating 3 retail shops which located in Wanchai, Lai Chi Kok and Tai Po and online business for the sales of grocery products. Beyond the general products like frozen food, the Group will focus more the in-house ready-to-eat products for the public.

The Group has also been developing the wholesale business since 2015. The wholesale business is highly competitive and the Group is streamlining the business segment.

Revenue for this segment in the financial period under review was approximately HK$146.2 million, representing 12.4% increase when compare with the same period in 2018. We will continue to monitor the operation and develop new market in order to increase the revenue and market share. The Group expects this segment to grow steadily and generate sustainable income in the coming future.

Outlook

The Group will continue to look for ways to further improve its existing business and explore new investment opportunities to broaden the business scope of the Group with the ultimate goal to maximise the return to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally financed its operations with internally generated cash flows. As at 31 March 2019, the Group had cash and cash equivalents of approximately HK$34.3 million (2018: HK$11.1 million).

As at 31 March 2019, the Group had borrowings of HK$7.5 million (2018: HK$16 million) which were used to finance the operation of the Group.

As at 31 March 2019, the Group's gearing ratio, expressed as a percentage of total borrowings (comprising amounts due to related parties, borrowings) less cash and cash equivalents then divided by total equity was nil (2018: 2.5%).

CHARGES ON GROUP'S ASSETS

As at 31 March 2019, except for the pledged bank deposits, financial instruments of approximately HK$2.4 million (2018: HK$6.4 million) was pledged as collateral to securities brokers for margin financing granted to the Group. As at 31 March 2019, no margin financing was utilised by the Group.

TREASURY POLICIES

Cash and bank deposits of the Group are mainly denominated in HK dollars ("HK$").

Since most of the transactions of the Group are denominated in Hong Kong dollars, no hedging or other arrangements to reduce the currency risk have been implemented.

EMPLOYEES

As at 31 March 2019, the Group had around 124 (2018: 130) full-time employees. The total employee remuneration, including that of the Directors, for the year ended 31 March 2019 amounted to approximately HK$45.6 million (2018: HK$40.0 million). The Group remunerates its employees based on their performance, experience and the prevailing commercial practice.

CAPITAL STRUCTURE

During the year ended 31 March 2019, there was no change of the capital structure of the Company.

The total issued share capital of the Company as at 31 March 2019 is 218,894,354 shares.

CONNECTED TRANSACTION

Connected Transaction on Assignment of Loan

On 31 August 2018, Yvonne Credit Service Co., Limited ("Yvonne Credit") entered into the Transfer Mortgage Agreement with Quick Money Finance Limited ("Quick Money"), a wholly-owned subsidiary of China Creative Digital Entertainment Limited (formerly known as HMV Digital China Group Limited) ("China Creative"), pursuant to which Yvonne Credit agreed to assign and transfer, Quick Money agreed to accept the rights, title, interest and benefits in and to the Loans at an aggregate consideration of HK$7,463,309.

China Creative is a substantial shareholder of the Company and interested in approximately 11.92% of the issued share capital of the Company. Accordingly, China Creative and its subsidiaries are regarded as connected persons of the Company under the GEM Listing Rules. Therefore, the entering into of Transfer Mortgage Agreement constitutes connected transaction for the Company and is subject to reporting and announcement but exempted from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Details of the connected transaction was disclosed in the announcement dated 31 August 2018.

DISPOSAL OF AN ASSOCIATE

On 22 February 2019, Top Euro Limited, a subsidiary of the Company, entered into an agreement with an independent third party for disposal of 6,300 shares, representing 45.65% of the issued share capital of Smart Investment Development Limited ("Smart Investment") at a consideration of HK$2.04 million. The sales proceeds will be applied to the general working capital of the Company. Upon completion, Smart Investment ceased to be an associate of the Company. Details of the disposal was disclosed in note 15 of this report and the transaction has been completed on 26 March 2019.

DISPOSAL OF 60% EQUITY INTERESTS IN A SUBSIDIARY

On 29 March 2019, Rainbow Cosmetic (BVI) Limited, a subsidiary of the Company, entered into an agreement with an independent third party for disposal of 9,000 shares, representing 60% of the issued share capital of Basic Wholesale Limited ("Basic Wholesale") at a consideration of HK$1.74 million. The sales proceeds will be applied to the general working capital of the Company. Upon completion, Basic Wholesale will become a joint venture of the Company. The Company indirect owned 40% of the issued share capital of Basic Wholesale for the year ended 31 March 2019. Details of the disposal was disclosed in note 16 of the report.

CONTINGENT LIABILITIES

As at 31 March 2019, except for as disclosed below, the Company did not provide any corporate guarantee to third parties.

Performance Guarantee

The Company provided a performance guarantee for KCL, an associate of the Company, regarding the management, operation and maintenance of New Kowloon Bay Vehicle Examination Centre and the relevant Hong Kong government tender. The letter of guarantee contains no specific amount and until the expiry of such contract. A counter-guarantee of 78% of the guarantee liability was provided by a shareholder of one of the shareholders of KCL.

EVENT AFTER REPORTING PERIOD

Disposal of a subsidiary

On 2 April 2019, Perfect Catering Group Limited, a subsidiary of the Company, entered into an agreement with an independent third party for disposal of 100,000 shares, representing 100% of the issued share capital of Cool Cool Frozen Food Limited ("Cool Cool Frozen") at a consideration of HK$3 million. The sales proceeds will be applied to the general working capital of the Company. Upon completion, Cool Cool Frozen ceased to be a subsidiary of the Company. The disposal was completed on 17 April 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Mr. SHIU Yeuk Yuen ("Mr. Shiu"), aged 69, is the executive director since December 2010 and appointed as the Chairman of the Group in January, 2011. Mr. Shiu has resigned as the chief executive officer of the Company with effect from 10 January 2019. Mr. Shiu has over 39 years' experience in the ceramic tile and marble and granite products industry and over 13 years' experience in securities investment.

Mr. Shiu was one of the founders and has been the executive director of Companion Building Material International Holdings Limited (together with its subsidiaries, the "CBMI Group", currently known as Pacific Century Premium Developments Ltd, stock code: 432), a company listed on The Stock Exchange, for the period from September, 1993 to January, 2002 during which he was responsible for the development of the CBMI Group's corporate strategies.

Ms. SIU Yeuk Hung, Clara ("Ms. Siu"), aged 54, joined the Company on 9 August 2017. Ms. Siu has extensive experience in marketing and business development. Prior to joining the Company, Ms. Siu has worked in a company listed on The Stock Exchange of Hong Kong Limited, responsible for the marketing and business development since 2006. Ms. Siu is the sister of Mr. Shiu Yeuk Yuen, the chairman and executive director of the Company and the sister of Ms. Siu York Chee, the director of several subsidiaries of the Company. Ms. Siu has been appointed as the chief executive officer of the Company with effect from 10 January 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KAM Tik Lun ("Mr. Kam"), *CPA, FCCA, LL.M (ICFL),* aged 43, joined the Company in March 2012. Mr. Kam is the Chairman of the Audit Committee of the Company. Mr. Kam holds a Bachelor of Commerce from Concordia University, Canada and a Postgraduate Diploma in International Corporate and Financial Law from The University of Wolverhampton, UK and a Master of Laws in International Corporate and Financial Law from The University of Wolverhampton, UK. He is a member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants. Mr. Kam has over 13 years of experience in the financial markets. He has vast experience in providing business consultancy, business valuation services, financial analysis and corporate advisory. Mr. Kam is also an independent non-executive director of China Creative Digital Entertainment Limited (formerly known as HMV Digital China Group Limited) (Stock code: 8078), a company listed on the GEM of Stock Exchange.

Mr. HO Siu King, Stanley ("Mr. Ho"), *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*, aged 31, joined the Company in July 2016. Mr. Ho was appointed as an independent non-executive director, a member of Audit Committee, Nomination Committee and Remuneration Committee of the Company. He holds a Master of Laws degree from the London School of Economics and Political Science, and Bachelor of Laws and Bachelor of Engineering (Civil Engineering and Laws) degrees from the University of Hong Kong. Mr. Ho is a practicing barrister in Hong Kong. His areas of practice include civil and criminal law.

Mr. SIU Chi Yiu, Kenny ("Mr. Siu"), aged 52, joined the Company on 8 May 2019. was awarded a Professional Diploma in Building Surveying from Hong Kong Polytechnic University in 1990, a Master of Business Administration degree from the University of South Australia in 2009 and a PhD in Economics from Jiang Xi University of Finance and Economics. Mr. Siu was admitted as a chartered member of the Chartered Institute of Housing and a professional member of the Royal Institution of Chartered Surveyors. Mr. Siu has over 28 years of experience in sales and marketing, project management and consultancy in the property industry. He has the experience of employment with a number of major property developers, including Shui On Properties Limited (from 1993 to 1994), Harbour Ring Property Development Limited (now known as China Oceanwide Property Sino Limited) (from 1994 to 1997), SIIC Investment Company Limited (from 1997 to 2009) and Hsin Chong Construction Group (from 2014 to 2016). In 2009, Mr. Siu established Kenny Siu Surveyors & Co., being a local real estate surveying firm in Hong Kong, in which he is now working as a director and consultant specialising in project finance and development study. Mr. Siu is also an independent non-executive director of Unitas Holdings Limited (stock code 8020), a listed company in Hong Kong.

CORPORATE GOVERNANCE REPORT

A. CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to protect the interests of the shareholders of the Company. The Company had complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2019.

Code A.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Shiu Yeuk Yuen has resigned as the chief executive officer of the Company with effect from 10 January 2019, but will continue to serve as the chairman and executive director of the Company.

Ms. Siu Yeuk Hung Clara, currently an executive director of the Company and the director of several subsidiaries of the Company, has been appointed as the chief executive officer of the Company with effect from 10 January 2019.

Following the aforesaid change, the Company has complied with the Code A.2.1.

During the year ended 31 March 2019, the Board was responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;

- to review and monitor the training and continuous professional development of the Directors and senior management;

- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

- to review the Group's compliance with the Code and disclosure requirements in the corporate governance report.

B. SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings for the financial year ended 31 March 2019.

C. BOARD OF DIRECTORS

Composition of the Board, number of Board meetings and Directors' attendance

The Company's Board is comprised of experienced and highly competent individuals and a balanced composition of Executive and Non-executive Directors. 3 Board meetings were held during the financial year ended 31 March 2019. The composition of the Board and attendance of the Directors are set out below:

Name of Directors	Attendance/Number of Board meetings held during the year	Attendance/Number of General meetings held during the year
Executive Directors		
Mr. Shiu Yeuk Yuen *(Chairman)*	3/3	1/1
Mr. Leung Ge On, Andy (deceased on 25 August 2018)	3/3	–
Ms. Siu Yeuk Hung, Clara	3/3	1/1
Independent Non-executive Directors		
Dr. Siu Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)	3/3	0/1
Mr. Kam Tik Lun, *CPA, FCCA, LL.M (ICFL)*	3/3	0/1
Mr. Ho Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*	3/3	1/1
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019)	–	–

There was 4 additional Board meetings held for normal course of business during the year.

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules.

Ms. Siu Yeuk Hung, Clara is the sister of Mr. Shiu Yeuk Yuen and Ms. Siu York Chee, the director of several subsidiaries of the Company. Save for the aforesaid, there is no relationship between members of the Board.

The two Executive Directors are responsible for the leadership and control of the Company and oversee the Group's businesses, strategic decisions and performances and are collectively responsible for promoting the success of the Company by directing and supervising its affairs.

The three Independent Non-executive Directors are responsible for ensuring a high standard of financial and other mandatory reporting of the Board as well as providing adequate checks and balances in the Board in order to protect shareholders' interest and overall interest of the Group.

Each Independent Non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company considers that all the Independent Non-executive Directors are independent and meet the independent guidelines set out in Rule 5.09 of the GEM Listing Rules.

D. APPOINTMENT AND SUCCESSION PLANNING OF DIRECTORS

The procedures and process of appointment, re-election and removal of Directors are laid down in the code provisions A.4 set out in the Code contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2019.

Code A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election and Code A.4.2 stipulates that all Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.

All Independent Non-executive Directors appointed has entered into a letter of appointment with the Company for a term of one year and renewable automatically for successive terms of another year unless terminated by three-month notice in writing served by either party. Pursuant to the Code A.4.2, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment. The Company in practice will observe Code A.4.2 and will ensure that any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after his/her appointment.

E. CHAIRMAN AND CHIEF EXECUTIVE

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. With effect from 10 January 2019, Mr. Shiu Yeuk Yuen is the chairman of the Company and Ms. Siu Yeuk Hung, Clara is the chief executive officer of the Company. Therefore, the Company has complied with Code A.2.1.

F. REMUNERATION COMMITTEE

A remuneration committee (the “Remuneration Committee”), consisting of three Independent Non-executive Directors and two Executive Directors, was set up by the Company in accordance with the Code. The Remuneration Committee has adopted written terms of reference in compliance with Code Provision B.1.3. The primary duties of the Remuneration Committee include the following:

– evaluating the performance and making recommendations to the Board on the remuneration packages of the individual executive directors and senior management;

– making recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

– reviewing and approving the management’s remuneration proposals with reference to the board’s corporate goals and objectives.

During the year ended 31 March 2019, the Remuneration Committee held one meeting with presence of all eligible members and reviewed and made recommendations on the remunerations packages of the Directors of the Group.

None of the Directors participated in the determination of his/her own remuneration. Attendance of the members of the Remuneration Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Kam Tik Lun, *CPA, FCCA, LL.M (ICFL)*	1/1
Mr. Shiu Yeuk Yuen	1/1
Mr. Leung Ge On, Andy (deceased on 25 August 2018)	1/1
Dr. Siu Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)	1/1
Mr. Ho Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*	1/1

G. AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the Audit Committee are to review the Company's annual report and financial statements, half-yearly report and quarterly reports and to provide advice and comment thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Group. Currently, it consists of three Independent Non-executive Directors, Mr. Kam Tik Lun, chairman of the Audit Committee, Mr. Ho Siu King, Stanley and Mr. Siu Chi Yiu, Kenny. Four meetings were held during the financial year ended 31 March 2019. Attendance of the members of the Audit Committee is set out below:

Name of Directors	Number of meeting attended/Number of meeting held
Mr. Kam Tik Lun, *CPA, FCCA, LL.M (ICFL)*	4/4
Dr. Siu Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)	4/4
Mr. Ho Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*	4/4
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019)	–/–

The Company's annual results for the year ended 31 March 2019, have been reviewed by the Audit Committee.

H. NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") consisting of three Independent Non-executive Directors and two Executive Directors was set up by the Company in accordance with the Code. The Nomination Committee has adopted written terms of reference, which have been amended by the Board in compliance with Code Provision A.5.3. The primary duties of the Nomination Committee include:

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;

– identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of, individuals nominated for directorships;

– reviewing the nomination of Directors and making recommendations to the Board on terms of such appointment;

– assessing the independence of Independent Non-executive Directors.

The Company has adopted a board diversity policy (the "Board Diversity Policy"), which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including professional qualifications and experience, cultural and educational background, gender and age. The Company will also take into consideration factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objects from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Company considers that the current composition of the Board is characterised by diversity, whether considered in terms of professional background and skills.

During the year ended 31 March 2019, the Nomination Committee held one meeting with the presence of all eligible members and (i) reviewed and discussed the structure, size and composition of the Board to ensure that it has a balance of expertise, skills, experience and diversity of perspectives appropriate to the requirements for the business of the Group and (ii) recommendation on the re-election of the retiring Directors.

I. MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 (the "Required Standard of Dealings") of the GEM Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Required Standard of Dealings throughout the year ended 31 March 2019.

The Company also has established written guidelines on no less exacting terms than the Required Standard of Dealings (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

J. TRAINING AND CONTINUING DEVELOPMENT FOR DIRECTORS

All Directors should participate in continuing professional development to develop and refresh their skills to ensure that they have appropriate understanding of the business and operations of the Group and that they are sufficiently aware of their responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements.

The existing Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development for Directors will be arranged where necessary.

The Company has also continually updated Directors on the latest development regarding the GEM Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

K. RESPONSIBILITIES IN RESPECT OF THE FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual, interim and quarterly reports, price-sensitive announcements and other disclosures required under the GEM Listing Rules and other regulatory requirements.

The Directors acknowledged their responsibility for preparing the financial statements of the Company for the year ended 31 March 2019.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 29.

L. AUDITOR'S REMUNERATION

For the year ended 31 March 2019, the remuneration paid or payable to the Company's auditor, Moore Stephens CPA Limited, is set out as follows:

	Fee
	HK$'000
Statutory audit services	690
Non-statutory audit services	274
Total	964

M. RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibility for the internal control system of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The board provides direction to senior management by setting the organisation's risk appetite. It also seeks to identify the principal risks facing the organization. Thereafter, the board assures itself on an ongoing basis that senior management is responding appropriately to these risks. The Group has adopted three lines of defence to identify, assess and manage different types of risks. As the first line of defence, operational management has ownership, responsibility and accountability for directly assessing, controlling and mitigating risks. The second line of defence, consists of the compliance officer, financial controller, company secretary, IT department and all department heads, monitors and facilitates the implementation of effective risk management practices by operational management and assists the risk owners in reporting adequate risk related information up and down the organization. It ensures that risks are within acceptable range and that the first line of defence is effective. As the final line of defense, the independent consultant assists the Audit Committee to review the first and second lines of defense. The independent consultant will, through a risk-based approach to their work, provide assurance to the Board of directors and Audit committee.

As the corporate and operation structure of the Group is not complex and a separate internal audit department may divert resources of the Group, the Group currently does not have an internal audit department. However, the Group has engaged an independent third party internal control consultant to, on an annual basis, review and provide recommendations on improving its internal control system in order to manage our business risks and to ensure our smooth operation. The review covered certain operational procedures. No significant control failings or weakness have been identified by the consultant during the review. The Board and the Audit Committee would review the need for an internal audit function on an annual basis.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 March 2019. The Board and the Audit Committee considered the risk and management and internal control systems effective and adequate. No significant areas of concern that might affect shareholders were identified.

It should be acknowledged that the Group's risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives at the reasonable level, but not absolute assurance against material misstatement or loss.

Inside information

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

N. COMMUNICATIONS WITH SHAREHOLDERS

The Company recognises the importance in engaging in regular, effective and fair communication with its shareholders and is committed to conveying important and relevant information to the shareholders on a timely basis.

The Company strives to ensure that information is made publicly available in a prompt and timely disseminated manner. Disclosure of information is made through announcements to the Stock Exchange, the Company's annual reports, interim reports and quarterly reports, as well as the corporate website (http://www.ecrepay.com).

O. SHAREHOLDERS' RIGHTS

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings are contained in the Company's Bye-laws. Details of such rights to demand a poll will be included in the circular to shareholders in relation to the holding of 2019 annual general meeting and explained during the proceedings of the meeting.

Save as aforesaid, pursuant to section 62 of the Bye-Laws, special general meetings of the Company (the "SGM") shall be convened on the requisition of the members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such shareholders shall have the right, by written requisition to the Board or the company secretary of the Company, to require a SGM to be called by the Board for the transaction of any business specified in such requisition; and the SGM shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (annual, interim and quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the Chairman of the Board of the Company at the Company's principal place of business in Hong Kong by post or by email. Shareholders may also directly raise questions during the shareholders' meetings.

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

P. ENVIRONMENTAL ISSUES

The Company is committed to the sustainable development of the environment our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure its projects meet the required standards and ethics in respect of environmental protection.

Q. RELATIONSHIPS WITH STAKEHOLDERS

The Company recognises that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality products and services to our customers, collaborating with suppliers to deliver quality sustainable products and services and supporting our community.

R. COMPANY SECRETARY

Mr. To Chi is the company secretary of the Company. Mr. To has confirmed that he had received no less than 15 hours of relevant professional training for the year ended 31 March 2019, in compliance with Rule 5.15 of the GEM Listing Rules.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This year's environmental, social and governance (the "ESG") report is prepared by the Group to disclose information in relation to the ESG issues. In spite of this report is not comprehensive nor exhaustive, it is the endeavours of the Group to get as close as possible in compliance with the requirements under Appendix 20 of the GEM Listing Rules. All information and data disclosed herein were based on formal documents and internal statistics of the Group.

The Board understand that it is important to involve itself in preparing this ESG report and it has extended its full support to the secretary of the Company, who is responsible for the task of compiling this ESG report and is reporting directly to the Board.

During the year ended 31 March 2019, the Group is principally engaged in money lending business, financial instruments and quoted shares investment, retails and wholesale business. The geographical location of the Group's businesses situated in Hong Kong.

STAKEHOLDER ENGAGEMENT

The Company consistently values the stakeholders that are influenced by the Group's operational activities including clients, employees, community groups and government bodies, etc. We communicate irregularly through various communication channels with each other in order to build up a mutual understanding of each other's vision and expectation on environmental and social responsibility. With reference of these, the Company develops a designated environmental and social responsibility framework and sets long-term objectives for the sustainable development of the Company.

ENVIRONMENTAL ASPECTS

A1 EMISSION

As the Group is principally engaged in money lending business, financial instruments and quoted shares investment, retails and wholesale business, there is minimal direct impact to the environment and we do not generate hazardous waste. The biggest contributor to the Group's carbon footprint is the indirect greenhouse gas ("GHG") emission from electricity consumption, which is mainly attributed to the electricity consumption in office, air flight during business trip.

The Group sets up annual target in environmental protection by providing an environmentally friendly environment in the business operation. The Group also encourages responsible departments to participate in external environmental seminars to raise their awareness about the environment and strive for environmental awards.

Group reminds employees to practice photocopying wisely; encouraging the employees to use both sides of paper; separating the paper waste from other waste for easier recycling; and placing boxes and trays beside photocopiers as containers to collect single-sided paper for reuse purpose.

To achieve environment protection, the Group has adopted various measures to lower waste and consumption levels in our office and other facilities:

– Electronic equipment, such as: computers and photocopiers, are equipped with power saving mode;

– Limit air-conditioning hours and maintain suitable indoor temperature;

– Unplug all equipment chargers and adapters when they are not in use so as to reduce power consumption;

– Clean regularly the air conditioning and ventilation system; and

– Tele-conference systems are installed to reduce business travel.

The Group strictly complies with relevant environmental laws. During the reporting period, there was no legal complaint for violating environmental laws.

As minimum environment impact results from the Group's operation, KPIs, A1.4 and A1.6 are immaterial to the Group's operation and have not been disclosed in this report. In addition, as there is no substantial hazardous waste produced from the Group's operation, KPI A1.3 is not applicable to the Group and has not been disclosed too.

Emission

A1.1 Emissions from Vehicles	**Year ended 31 March 2019**
Unit of fuel consumed by vehicles (in litres)	around 38,000 litres
SOx emission (g)	around 560 g

A1.2 Greenhouse gas emission	**Year ended 31 March 2019**
Scope 1 – direct emission – company vehicle – CO_2	around 90 tonnes
Scope 1 – direct emission – ship – CO_2	around 22 tonnes
Scope 2 – indirect emission – CO_2	around 756 tonnes
Total greenhouse gas emission – CO_2	around 868 tonnes
Total greenhouse gas emission – CO_2 (per employee)	around 7 tonnes

A2 USE OF RESOURCES

The Group is deeply aware that fair use of resources is an indispensable aspect of sustainable development. The following measures are implemented in order to reduce the use of resources:

1. *Electricity consumption reduction*

   – Switch off copy machine, computers, lights and fax machine before the last staff leaves the office;

   – Replace the traditional bulbs by LED energy-saving bulbs in the offices;

   – Keep the office equipment clean (such as refrigerator, air-conditioner, paper shredder, etc.) to ensure that they run efficiently; and

   – Adopt more energy-saving and electricity-saving mechanical equipment.

2. *Paper reduction*

   – To use both side: set computer defaults to print double-sided when possible;

   – Use paper printed on only one-side for draft documents or as scratch paper;

   – Avoid using paper cup; and

   – Replace unnecessary paper forms by electronic systems.

The Group will continue to seek opportunities to reduce further wastes and make efficient use of resources.

Use of resources

ENERGY CONSUMPTION- Electricity	**Year ended 31 March 2019**
Total Electricity consumption (kWh)	around 1,200,000 kWh
Total Electricity consumption per employee (kWh)	around 9,700 kWh

ENERGY CONSUMPTION	**Year ended 31 March 2019**
Total energy consumption- Electricity (MJ)	around 4.3 million MJ
Total energy consumption per employee (MJ)	around 35,000 MJ

PAPER CONSUMPTION	**Year ended 31 March 2019**
Total office paper consumption (KG)	around 1520 KG
Total office paper consumption per employee (KG)	around 12 KG

A3 THE ENVIRONMENT AND NATURAL RESOURCES

Due to the nature of the Group's business, daily operations of our business have no significant adverse impact on the environment. The Group has complied with relevant laws and regulations and did not find any cases of breach of regulations relating to emissions and the environment. Looking ahead, the Group will continue to assess environmental risks in our business operations to formulate responsive measures and regularly review and update our environmental protection policies.

The Group promotes environmental awareness among our employees and encourages them to work in an environmentally responsible manner. To further promote environmentally friendly office conditions, the following methods are used:

1. All used printer cartridges are returned to the supplier for recycling;

2. Employees are encouraged to print double-sided documents to reduce paper usage; and

3. Make sure its business operation comply with the environmental law in Hong Kong and its operating locations.

SOCIAL

B1 EMPLOYMENT

During the year ended 31 March 2019, the Group employed 124 staff (2018: 130). The Group's remuneration policy is built on principle of equality, motivating, performance oriented and market-competitiveness. Remuneration packages are normally reviewed on an annual basis. Apart from salary payments, other staff benefits included provident fund contributions and performance related discretionary bonuses. A share option scheme is established to reward and motivate the employees of the Group as well.

Staff activities were organized for employees, including annual dinner and Christmas party. The sense of belonging of employees was enhanced and they have strong bonding with each other.

By offering competitive remuneration packages and fringe benefits to our employees, our staff turnover rate remains stable, while job performance and productivity are maintained at satisfactory levels.

The Group ensures our human resources policies in compliance with all applicable domestic and local laws and with reference to the general practice and benchmark of the industry.

The Group aims to nurture a discrimination-free culture and protect our staff from discrimination by sex, age, race, disability, marital and family status. All employees share fair and adequate opportunities in respect of recruitment, career development and promotion. In addition, the Company has adopted the board diversity policy as included in the terms of reference in the Nomination Committee to consider bringing to the board of directors capable people regardless of gender, nationality or races.

During the Reporting Period, the Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

B2 HEALTH AND SAFETY

The Company is committed to providing a healthy and safe workplace for all its employees. Policies and procedures have been in place to address work safety to reduce the chances of accident.

The Group always emphasises the importance of occupational health and safety. Assessments on these policies are conducted regularly so as to keep our standards update and practical. The measures taken to protect and improve the working environment are listed below:

– Prohibit smoking and drinking liquor in the workplace;

– Carry out periodical cleaning in offices, including disinfection treatment of carpets and cleaning of air-conditioning systems and water dispensers;

– Conduct emergency response drills regularly;

– Set up safety warning signs, banners and slogans in the work sites;

– Establish different Medical And Dental Insurance Scheme/Employees' Compensation Insurance Scheme/Business Travel Insurance Scheme; and

– First-aid box is set up in the office.

During the Reporting Period, there were no material accidents in the course of our business operation which gave rise to any claims and compensation paid to our employees and the Group is not aware of any noncompliance with relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protecting employees from occupational hazards.

HEALTH AND SAFETY

INDICATORS	Year ended 31 March 2019
Number of reportable injuries [1]	0
Injury rate [2]	0
Number of reportable occupational diseases	0
Occupational disease rate [3]	0
Number of lost days [4]	0
Lost day rate [5]	0

1 Reportable injuries refer to work-related accidents to employees resulting in incapacity for a period exceeding three days in Hong Kong.

2 The injury rate is calculated based on the number of injuries per 200,000 hours worked (100 employees working 40 hours per week for 50 weeks).

3 The occupational disease rate is calculated based on the number of occupational diseases per 200,000 hours worked.

4 Lost days refer to the days that could not be worked as a consequence of a worker being unable to perform their usual work because an occupational accident or disease.

5 The lost days rate is calculated based on the number of lost days per 200,000 hours worked.

B3 DEVELOPMENT AND TRAINING

The Group has committed to provide on-the-job education and training of its employees in order to enhance their knowledge and skills. All employees are encouraged to enhance their skills and knowledge at every opportunity in order to perform their current job more efficiently and effectively and to be better prepared for career opportunities which may arise. During the Year 2019, staff have participated in trainings such as orientation training, technical training and quality training.

Recognising the value in the skill and experience of the staff, the Group has adopted a policy that any promotions will be considered internally first before hiring any outside staff. It is the Group's policy to select the most suitable candidate for appointment to a higher rank based on merit, rather than on the seniority of the candidates.

B4 LABOUR STANDARDS

The Group fully understands that the exploitation of child and forced labour are universally prohibited, and therefore take the responsibility against child and forced labour very seriously. The Group strictly complies with all laws and regulations against child labour and forced labour. Our suppliers' are also not allowed to engage any employee who is younger than the minimum employment age of the relevant country, or the maximum age of compulsory education, whichever is higher. Not under any circumstance should workers be younger than 16 years of age. All works should be voluntary and not performed under threat of penalty or coercion. Forced labour is prohibited.

All employees of the Group are entitled to have sick leave, injury leave and maternity leave with medical proof in accordance with the Labour Legislation of Hong Kong. In addition, all employees are advised not to work overtime.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact relating to preventing child or forced labour on the Group during the Year 2019. In addition, no non-compliance with relevant laws and regulations that resulted in significant fines or sanctions had been reported in the Year 2019.

B5 SUPPLY CHAIN MANAGEMENT

The Group through its subsidiaries has communicated with its suppliers on the Company's vision and mission and policies and procedures in respect of ESG. To be a responsible supplier, the Group has registered as a food importer/food distributor under the Food Safety Ordinance.

The Group has established procurement policy to maintain high level of ethical standards for choosing the right supplier through careful selection and continuous measurement. The Group conducts review on key suppliers annually so as to provide an opportunity to suppliers to enhance their services and products quality, which improves both the suppliers and our procurement management effectively.

The Group always observes the local laws, rules and regulations at where its businesses located, as such, the Group applied and was granted and renewed, two money lenders licences in Hong Kong to carry on business as a money lender for a period of twelve (12) months from 22 February 2019 and 31 January 2019 respectively.

B6 PRODUCT RESPONSIBILITY

A high priority for the Group is to ensure customer satisfaction in terms of our products and services. Strenuous efforts are made to ensure compliance with the relevant laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which the Group operates. The Group's code of conduct requires its employees to comply with applicable governmental and regulatory laws, rules, codes and regulations.

Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited. The Group has issued internal guidelines to ensure the sales and marketing department of the Group are providing accurate and precise product descriptions and information to the customers.

Besides, the Group owes a contractual obligation of confidentiality to the clients in terms of their information, and therefore treats the transaction record and personal information of the clients and former clients as private and confidential, subject to disclosure requirements under the relevant laws, rules and regulations that the group is required to comply with. Information collected would only be used for the purpose for which it has been collected and clients would be told about how the data collected would be used. The Group prohibits the provision of consumer information to a third party without authorisation from the clients.

If there is complaint from customers, the Group will work out specific solutions and reply the customers. The Group attaches great importance to complaint handling as it strengthens product and service quality, which will in turn help it to maintain the competitiveness in the market.

The Group is not aware of any non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, intellectual property rights, advertising, labeling and privacy matters relating to services provided and methods of redress.

B7 ANTI-CORRUPTION

The Group maintains a high standard of business integrity throughout the operations and tolerates no corruption or bribery in any form. A comprehensive system of internal control and stringent policies are effectively implemented for anti-corruption and anti-fraud.

The Group is committed to adhering the highest ethical standards. During the year, the Group has not received any bribery, extortion, fraud or money-laundering case related to corruption. The Group will continue to comply with the relevant laws and regulations.

B8 COMMUNITY INVESTMENT

In pursuit of business development, the Group also encourages the active participation of its employees in charitable activities to help the disadvantaged groups and contribute to the community. The Group will continue to explore more opportunities in contributing to community services.

YOUR FEEDBACK

The Group will continue to adopt measures for the benefit of ESG in its operations.

Stakeholders' feedback is valuable and can help us to improve our operational, environmental, social and governance policies and procedures. Please feel free to share your feedback on our performance via any of the following channels:

Address: Unit A, 8/F, D2 Place Two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon, Hong Kong
Telephone: (852) 2898 0567
Email: info@ecrepay.com

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") present their annual report together with the audited consolidated financial statements for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in money lending business, financial instruments and quoted shares investment, retail and wholesale business.

BUSINESS REVIEW

A review of the business of the Group and a discussion on the Group's future business development during the year ended 31 March 2019 are provided in the Chairman's Statement on page 5 and Management Discussion and Analysis on pages 6 to 8 of this Annual Report.

The capital risk management and financial risk management objectives and policies of the Group are shown in note 35 to the consolidated financial statements.

An analysis of the Group's performance during the year ended 31 March 2019 using financial key performance indicators is provided in the Financial Summary on page 3 of this Annual Report.

Discussion on the Group's environmental issues and compliance with the relevant laws and regulations that have a significant impact on the Company are contained in the Corporate Governance Report and Environmental, Social and Governance Report on pages 9 to 22 of this Annual Report.

The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are shown in the Management Discussion and Analysis under "Employee" section on pages 6 to 7 and in the Corporate Governance Report on pages 9 to 15 of this Annual Report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 are set out in the consolidated statement of comprehensive income on pages 35 to 36 of the annual report.

The Board of Directors does not recommend the payment of dividend for the year ended 31 March 2019 (2018: nil).

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 3.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in notes 14 to the consolidated financial statements.

ISSUED CAPITAL AND SHARE OPTIONS

Details of the movements in issued capital and share options of the Company for the year ended 31 March 2019 are set out in notes 30 and 31, respectively to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year are set out on page 39 in the consolidated financial statements.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to shareholders as at 31 March 2019, comprising share premium, contributed surplus and (accumulated losses)/retained earnings, amounted to HK$386,454,000.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest suppliers of the Group accounted for approximately 25.7% of its cost of sale for the year ended 31 March 2019. The largest supplier of the Group accounted for approximately 7.3% of its cost of sale for the year ended 31 March 2019.

Sales to the Group's five largest customers accounted for approximately 19.1% of the Group's turnover for the year ended 31 March 2019. The Group's largest customer accounted for approximately 8.8% of the Group's turnover for the year ended 31 March 2019.

Save as disclosed above, if any, none of the Directors or any of their associates (as defined in the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") or any shareholders of the Company (who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company) had any beneficial interest in any of the five largest suppliers or customers of the Group for year ended 31 March 2019.

DONATION

During the year ended 31 March 2019, no donation was made by the Group (2018: nil).

DIRECTORS

The Directors who held office during the year are:

Executive Directors

Mr. Shiu Yeuk Yuen
Ms. Siu Yeuk Hung, Clara
Mr. Leung Ge On, Andy (deceased on 25 August 2018)

Independent Non-executive Directors

Mr. Kam Tik Lun, *CPA, FCCA, LL.M (ICFL)*
Dr. Siu Yim Kwan, Sidney, *S.B.St.J.* (resigned on 8 March 2019)
Mr. Ho Siu King, Stanley, *BEng (Civ E-Law) (HKU), LLB (HKU) and LLM (LSE)*
Mr. Siu Chi Yiu, Kenny (appointed on 8 May 2019)

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A (1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the course of the directors' term of office. The total remuneration of Mr. Shiu Yeuk Yuen, Mr. Leung Ge On Andy, Ms. Siu Yeuk Hung, Clara were HK$310,000, HK$533,000 and HK$850,000 per annum for year ended 31 March 2019 respectively. The remuneration was determined based on their qualifications, experience, level of responsibilities and prevailing market conditions.

Mr. Kam Tik Lun was resigned as an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272) as from 19 February 2019.

Mr. Ho Siu King, Stanley was resigned as an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272) as from 19 February 2019.

Save as disclosed above, there are no other matters that need to be disclosed pursuant to Rule 17.50A (1) of the GEM Listing Rules.

LIABILITY INSURANCE FOR THE DIRECTORS AND OFFICERS

The Company has in force appropriate insurance coverage on Director's and officer's liabilities arising from the Group's business. The Company reviews the extent of insurance coverage on an annual basis.

DIRECTORS' SERVICE CONTRACTS

All of the Directors have entered into a service contract with the Company and the service contracts shall be renewed automatically after a year unless and until terminated by not less than three months' notice in writing served by either party to the other. Pursuant to the Company's Bye-laws, the Directors, regardless of his/her term of appointment, if any, are subject to retirement by rotation at least once every three years and any new director appointed to fill a casual vacancy is subject to re-election by shareholders at the first general meeting after his/her appointment.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 March 2019.

EMOLUMENT POLICY

A remuneration committee is set up for reviewing the Group's emolument policy and structure of 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.

REMUNERATION OF DIRECTORS, SENIOR MANAGEMENT AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, senior management and five individuals with highest emoluments are set out in notes 9 and 10 to the consolidated financial statements respectively.

SHARE OPTION SCHEMES

On 4 January 2011, the shareholders of the Company approved to terminate the old share option scheme and adopted a new share option scheme (the "New Scheme").

The major terms of the New Scheme are summarized as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.

2. The Board of Directors may, at its discretion, offer the options to any full-time or part-time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors, shareholder of any member of the Group, consultants to subscribe for shares of the Company.

3. The maximum number of ordinary shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. Of the share capital of the Company in issue from time to time.

   The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the ordinary shares in issue on the date of approval of the New Scheme (the "Scheme Limit") or as at the date of the Shareholders' approval of the refreshed Scheme Limit.

4. The total number of ordinary shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.

5. The exercise period of any option granted under the New Scheme shall be determined by the Board but such period shall not exceed 10 years from the date of grant.

6. The New Scheme does not specify any minimum holding period.

SHARE OPTION SCHEMES *(Continued)*

7. The acceptance of an offer of the grant of the option under the New Scheme ("Offer") must be made within 21 days from the date on which the letter containing the Offer is delivered to that participant together with a non-refundable payment of HK$1.00 from each grantee.

8. The subscription price will be determined by the Board of Directors of the Company and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

9. The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

For the year ended 31 March 2019, no option was granted and outstanding under the New Scheme.

There is no employee compensation expense which was included in the consolidated statement of comprehensive income for the year ended 31 March 2019 (2018: nil). No liabilities was recognised due to share-based payment transactions.

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

As at 31 March 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors to be notified to the Company and the Stock Exchange were as follows:

Name	Personal Interests	Family Interests	Other Interests	Total	Approximate percentage to the issued share capital of the Company as at 31 March 2019
Mr. Shiu Yeuk Yuen *(note 1)*	1,005,000	7 *(note 2)*	82,288,613 *(note 3)*	83,293,620	38.05%

Notes:

1. Mr. Shiu Yeuk Yuen ("Mr. Shiu") is the Executive Director of the Company.

2. 7 shares of the Company are held by Ms. Hau Lai Mei, the spouse of Mr. Shiu Yeuk Yuen.

3. 82,288,613 shares of the Company are held by Able Rich Consultants Limited, a wholly-owned subsidiary of Rich Treasure Group Limited, of which Mr. Shiu is the sole director and shareholder of that company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

So far as known to the Directors, as at 31 March 2019, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had an interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 10% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

Name	**No. of Shares**	**Approximate percentage to the issued share capital of the Company as at 31 March 2019**
China Creative Digital Entertainment Limited *(note)*	26,093,500	11.92%

Note: 26,093,500 Shares refer to the aggregate of (a) 21,509,075 Shares held by China Creative Digital Entertainment Limited (formerly known as HMV Digital China Group Limited) and (b) 4,584,425 shares held by New Smart International Creation Limited, a direct wholly-owned subsidiary of China Creative Digital Entertainment Limited.

PRE-EMPTIVE RIGHTS

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

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

For the year ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the period are set out in note 32 to the consolidated financial statements.

Save as disclosed therein, there were no other transactions to be disclosed as related party transactions in accordance with the requirements of the GEM Listing Rules.

COMPETING INTEREST

None of the Directors or the controlling shareholder (as defined in the GEM Listing Rules) of the Company has an interest in a business, which competes or may compete with the business of the Group.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules and considers all the Independent Non-executive Directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company maintained the prescribed public float under the GEM Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 March 2019 were audited by Moore Stephens CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the re-appointment of Moore Stephens CPA Limited as the auditor of the Company for the subsequent year will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Easy Repay Finance & Investment Limited

Shiu Yeuk Yuen
Chairman

Hong Kong, 25 June 2019

MOORE STEPHENS

Moore Stephens CPA Limited
801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moorestephens.com.hk

大華馬施雲
會計師事務所有限公司

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EASY REPAY FINANCE & INVESTMENT LIMITED

(Continued in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Easy Repay Finance & Investment Limited and its subsidiaries (the "Group") set out on pages 35 to 106, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *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 these requirements and 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on loans and advances to customers (loss allowance for expected credit losses ("ECL") upon application of HKFRS 9)	
We identified the impairment of loans and advances to customers as a key audit matter due to significant management judgement involved in identification and measurement of ECL. The key changes arising from the adoption of HKFRS 9 are that the Group's credit losses are now estimated based on an expected loss model rather than an incurred loss model. As disclosed in note 22 to the consolidated financial statements, the Group has loans and advances to customers of HK$332,905,000, after recognising an impairment allowance of HK$31,780,000 as at 31 March 2019. As explained in note 2 to the consolidated financial statements, in the current year, the Group adopted Hong Kong Financial Reporting Standard 9 "Financial Instruments" ("HKFRS 9") and recognised an additional impairment of HK$9,887,000 as at 1 April 2018 in accordance with the transitional provisions of HKFRS 9. The assessment of impairment for loans and advances to customers involves significant management judgements and estimates on the amount of ECL at the reporting date. At each reporting date, the management assesses whether there has been a significant increase in credit risk for exposures since initial recognition. The management considers reasonably supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.	Our procedures in relation to the impairment of loans and advances to customers included: • Inquiring the management to understand the approach applied on ECL model of loans and advances to customers; • Understanding key controls on how the management estimates impairment for loans and advances to customers; • Testing the accuracy of the ECL adjustment made by the Group as at 1 April 2018 on initial adoption of HKFRS 9; • Testing the inputs used by management to assess the ECL, by comparing individual items in the analysis with the relevant loan agreements and other supporting documents; • Challenging management's basis and judgement in determining the appropriateness of management's grouping of the loans and advances to customers into different categories in the provision matrix, the inputs and assumptions applies on the ECL model, including probability of default, loss given default the Group's historical loss experience and forward-looking information, with the assistance of our internal specialist;

Key Audit Matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment losses on loans and advances to customers (loss allowance for expected credit losses (“ECL”) upon application of HKFRS 9)	
In assessing the lifetime ECL on credit-impaired financial assets classified as stage 3, the Group performs the assessment based on the Group’s historical credit loss experience, adjusted for factors specific to the borrowers, general economic conditions, the current conditions at the reporting date and forward-looking analysis. The Group also reviews the value of collateral received from the customers in measuring impairment. The methodology and assumptions used for estimating the impairment amount are reviewed regularly to reduce any differences between loss estimated and actual loss experience.	• Assessing the appropriateness of the inputs and assumptions applied on the ECL model of term loans, including probability of default, loss given default and forward-looking information, with the assistance of our internal specialist; • Reviewing the Group’s historical loss experience; • Assessing the reasonableness and appropriateness of the management’s judgement on staging criteria for determining if a significant increase in credit risk has occurred and the basis for classification of exposures into the 3 stages as required by HKFRS 9 and examining loan exposures on a sample basis to evaluate if there has been timely identification and classification of loan exposures into the 3 stages as required by HKFRS 9; • Testing the mathematical accuracy of the loss allowance for ECL; • For loans and advances to customers classified at stage 3, we examined underlying documentation supporting the value of collateral, if any, and the management’s key estimations used in the individual impairment assessment for loans and advances to customers on a sample basis; and • Evaluating the disclosures regarding the impairment measurement of loans and advances to customers in note 22 to the consolidated financial statements.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the financial summary, corporate information, chairman's statement, management discussion and analysis, biographical details of directors and senior executives, corporate governance report, environmental, social and governance report and report of the directors but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements *(Continued)*

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

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

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

Moore Stephens CPA Limited
Certified Public Accountants

Chan King Keung
Practising Certificate Number: P06057

Hong Kong, 25 June 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue from money lending	5(a)	**60,080**	61,660
Revenue from sale of goods	5(a)	**146,188**	130,108
Cost of goods sold		**(126,373)**	(114,245)
Gross profit from sale of goods		**19,815**	15,863
Investment and other income	6	**3,456**	798
Other gains and losses, net	7	**(3,889)**	(1,594)
Servicing, selling and distribution costs		**(18,864)**	(15,612)
Administrative expenses		**(70,294)**	(59,164)
Allowance for expected credit losses on trade receivables, net	35(b)(b)	**(1,629)**	–
Allowance for expected credit losses on loans and advances to customers, net	35(b)(b)	**(24,552)**	–
Impairment losses on loans and advances to customers, net	22(b)	**–**	(8,240)
Finance costs	11	**(2,243)**	(1,189)
Share of results of associates		**1,010**	1,245
Share of result of a joint venture	16	**(146)**	–
Loss before tax		**(37,256)**	(6,233)
Income tax credit/(expense)	12	**122**	(255)
Loss for the year		**(37,134)**	(6,488)
Other comprehensive loss:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value on equity instruments designated at fair value through other comprehensive income		**(9,326)**	(1,809)
Other comprehensive loss for the year, net of tax		**(9,326)**	(1,809)
Total comprehensive loss for the year		**(46,460)**	(8,297)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
Loss for the year attributable to:		
Owners of the Company	**(37,108)**	(6,756)
Non-controlling interests	**(26)**	268
	(37,134)	(6,488)
Total comprehensive loss for the year attributable to:		
Owners of the Company	**(46,434)**	(8,565)
Non-controlling interests	**(26)**	268
	(46,460)	(8,297)
Loss per share		
Basic and diluted	**(HK16.95 cents)**	(HK3.08 cents)

The notes on pages 42 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	**19,990**	23,615
Interests in associates	15	**9,581**	10,650
Interest in a joint venture	16	**1,227**	–
Financial assets designated at fair value through other comprehensive income	17	**–**	6,552
Prepayment for acquisition of property, plant and equipment		**–**	251
Deposits, prepayments and other receivables	21	**790**	1,102
Loans and advances to customers	22	**110,784**	160,338
		142,372	202,508
Current assets			
Inventories	19	**10,123**	13,180
Trade receivables	20	**18,095**	30,117
Deposits, prepayments and other receivables	21	**6,805**	11,796
Loans and advances to customers	22	**222,121**	247,294
Financial assets at fair value through profit or loss	18	**3,517**	768
Amounts due from associates	15	**–**	159
Tax recoverable		**2,356**	1,587
Pledged bank deposits	23	**1,002**	1,001
Cash and cash equivalents	24(a)	**34,779**	11,053
		298,798	316,955
Asset classified as held for sale	25	**2,318**	–
		301,116	316,955
LIABILITIES			
Current liabilities			
Trade and other payables	26	**8,883**	13,795
Amount due to a non-controlling shareholder of a subsidiary	32(b)	**–**	754
Amounts due to related parties	32(b)	**5,700**	7,200
Borrowings	27	**7,500**	16,000
Bank overdrafts		**485**	–
Income tax payable		**887**	1,516
		23,455	39,265
Liability associated with asset classified as held for sale	25	**7**	–
		23,462	39,265
Net current assets		**277,654**	277,690
Total assets less current liabilities		**420,026**	480,198
Non-current liability			
Deferred tax liabilities	29	**123**	231
		123	231
Net assets		**419,903**	479,967

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 March 2019

	Note	**2019** ***HK$'000***	2018 *HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital	30(b)	**2,189**	2,189
Reserves		**414,846**	475,312
		417,035	477,501
Non-controlling interests		**2,868**	2,466
Total equity		**419,903**	479,967

The notes on pages 42 to 106 are an integral part of these consolidated financial statements.

The consolidated financial statements on pages 35 to 106 were approved and authorised for issue by the board of directors on 25 June 2019 and are signed on its behalf by:

Shiu Yeuk Yuen
Director

Siu Yeuk Hung, Clara
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company									
	Share capital	Share premium	Capital redemption reserve	Capital reserve	Investment revaluation reserve	Contributed surplus	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 30(b))	*(note 30(c)(i))*	*(note 30(c)(ii))*	*(note 30(c)(iii))*	*(note 30(c)(iv))*	*(note 30(c)(v))*				
Balance at 1 April 2017	2,201	353,907	191	28,392	(14,511)	145,926	(29,052)	487,054	3,217	490,271
Loss for the year	–	–	–	–	–	–	(6,756)	(6,756)	268	(6,488)
Other comprehensive income:										
Changes in fair value of financial assets designated at fair value through other comprehensive income	–	–	–	–	(1,809)	–	–	(1,809)	–	(1,809)
Total comprehensive expense for the year	–	–	–	–	(1,809)	–	(6,756)	(8,565)	268	(8,297)
Transactions with owners:										
Acquisition of non-controlling interests in subsidiaries	–	–	–	–	–	–	(3)	(3)	3	–
Disposal of a subsidiary (note 28)	–	–	–	–	–	–	–	–	(1,022)	(1,022)
Buy-back of shares										
– Purchase of shares	–	(794)	(191)	–	–	–	–	(985)	–	(985)
– Cancellation of shares	(12)	12	–	–	–	–	–	–	–	–
Total transactions with owners of the Company	(12)	(782)	(191)	–	–	–	(3)	(988)	(1,019)	(2,007)
Balance at 31 March 2018 and 1 April 2018	**2,189**	**353,125**	**-**	**28,392**	**(16,320)**	**145,926**	**(35,811)**	**477,501**	**2,466**	**479,967**
Impact on application of HKFRS 9 (note 2)	**-**	**-**	**-**	**-**	**-**	**-**	**(14,032)**	**(14,032)**	**-**	**(14,032)**
Balance at 1 April 2018	**2,189**	**353,125**	**-**	**28,392**	**(16,320)**	**145,926**	**(49,843)**	**463,469**	**2,466**	**465,935**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**(37,108)**	**(37,108)**	**(26)**	**(37,134)**
Other comprehensive income:										
Changes in fair value on equity instruments designated at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**(9,326)**	**-**	**-**	**(9,326)**	**-**	**(9,326)**
Transfer of revaluation reserves to accumulated losses upon disposal of equity instrument designated at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**25,646**	**-**	**(25,646)**	**-**	**-**	**-**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**16,320**	**-**	**(62,754)**	**(46,434)**	**(26)**	**(46,460)**
Transactions with owners:										
Acquisition of non-controlling interest (note 28)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**428**	**428**
Balance at 31 March 2019	**2,189**	**353,125**	**-**	**28,392**	**-**	**145,926**	**(112,597)**	**417,035**	**2,868**	**419,903**

The notes on pages 42 to 106 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Operating activities			
Loss before taxation		**(37,256)**	(6,233)
Adjustments for:			
Depreciation	8	**6,982**	5,589
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	7	**(2)**	4,822
Fair value gain upon loss of significant influence in an associate	7	**–**	(4,445)
Loss on disposal of a subsidiary	28	**2,909**	1,091
Finance costs	11	**2,243**	1,189
Interest income from bank	6	**(50)**	(11)
Interest income from an independent third party	6	**(1,439)**	–
Loss on disposal of property, plant and equipment, net	7	**16**	74
Write-down of inventories	8	**1,374**	1,133
Dividend income from financial assets at fair value through profit or loss	6	**(267)**	–
Loss on disposal of an associate	15	**909**	–
Allowance for expected credit losses on trade receivables, net		**1,629**	–
Allowance for expected credit losses on loans and advances to customers, net		**24,552**	–
Impairment losses on trade receivables	8	**–**	937
Impairment losses on loans and advances to customers	22(b)	**–**	8,815
Reversal of impairment losses on loans and advances to customers	22(b)	**–**	(575)
Impairment losses on amount due from an associate		**–**	1,090
Share of results of associates		**(1,010)**	(1,245)
Share of result of a joint venture	16	**146**	–
		736	12,231
Increase in inventories		**(1,642)**	(1,956)
Decrease/(increase) in trade receivables		**6,249**	(12,700)
Decrease/(increase) in deposits, prepayments and other receivables		**3,760**	(7,974)
Decrease/(increase) in loans and advances to customers		**40,288**	(15,705)
(Decrease)/increase in trade and other payables		**(4,883)**	11,820
Cash generated from/(used in) operations		**44,508**	(14,283)
Dividend received from financial assets at fair value through profit of loss		**267**	–
Interest received		**1,489**	11
Interest and finance charges paid		**(2,243)**	(952)
Hong Kong Profits Tax paid		**(1,384)**	(5,605)

CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Net cash generated from/(used in) operating activities		**42,637**	(20,829)
Investing activities			
(Increase)/decrease in pledged bank deposits		**(1)**	13
Purchase of financial assets designated at fair value through other comprehensive income	17	**(3,444)**	–
Proceeds from disposal of financial assets designated at fair value through other comprehensive income		**670**	–
Purchase of financial assets at fair value through profit or loss		**(16,387)**	(1,758)
Proceeds from disposal of financial assets at fair value through profit or loss		**13,640**	5,868
(Decrease)/increase in amount due from an associate		**(253)**	650
Decrease in advance from an associate		**–**	(28)
Purchase of property, plant and equipment	14	**(5,850)**	(8,693)
Prepayment for acquisition of property, plant and equipment		**–**	(251)
Proceeds from disposal of a subsidiary	28	**500**	–
Proceeds from disposal of property, plant and equipment		**29**	90
Proceeds from disposal of partial interest in an associate	15	**–**	2,187
Proceeds from disposal of an associate	15	**1,700**	–
Capital injection into an associate	15	**–**	(2,331)
Acquisition of interests in associates		**–**	(2,000)
Net cash used in investing activities		**(9,143)**	(6,903)
Financing activities			
Buy-back of shares		**–**	(985)
Repayment of obligation under a finance lease		**–**	(105)
Repayment to non-controlling shareholder of a subsidiary		**–**	(98)
Repayment to related parties		**(16,000)**	(13,500)
Advance from related parties		**14,500**	18,500
Drawdown of borrowings		**1,000**	16,000
Repayment of borrowings		**(9,500)**	(5,000)
Net cash (used in)/generated from financing activities		**(10,000)**	14,812
Net increase/(decrease) in cash and cash equivalents		**23,241**	(12,271)
Cash and cash equivalents at the beginning of year		**11,053**	23,324
Cash and cash equivalents at the end of year		**34,294**	11,053
Analysis of the balances of cash and cash equivalents			
Short-term bank deposits and cash at bank, securities brokers and on hand		**34,779**	11,053
Bank overdrafts		**(485)**	–
		34,294	11,053

Significant non-cash transaction

As at 31 March 2018, as disclosed in note 15, the Group's interest in an associate, Keep Choice Limited ("KCL") was transferred to a newly formed entity as part of the Group's capital injection into a newly formed associate.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2019

1. General information

Easy Repay Finance & Investment Limited (the "Company") was an exempted company continued into Bermuda with limited liability with effect from 30 April 2008. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

The principal places of business of the Company and its subsidiaries (collectively referred to as the "Group") are in Hong Kong. The Company's principal place of business in Hong Kong is Unit A, 8/F., D2 Place two, 15 Cheung Shun Street, Cheung Sha Wan, Kowloon. The Company's shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars ("HKD" or "HK$"), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except where otherwise indicated.

The Group is principally engaged in the money lending business, financial instruments and quoted shares investment and retail and wholesale business.

These consolidated financial statements were approved and authorised for issue by the board of directors on 25 June 2019.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 9 Financial Instruments

The Group had early applied HKFRS 9 "Financial Instruments" issued in 2009 in prior years regarding classification and measurement of financial instruments. In the current year, the Group has applied HKFRS 9 "Financial Instruments" issued in 2014 and the related consequential amendments to other HKFRSs. HKFRS 9 (2014) introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting. The major change of the application of HKFRS 9 (2014) is mainly related to application of the new requirements for ECL for financial assets.

The Group has applied HKFRS 9 (2014) in accordance with the transition provisions, i.e. applied the requirements for ECL retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information in respect of impairment of financial assets was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement". Accounting policies resulting from application of HKFRS 9 are disclosed in note 3(i).

Impairment under ECL model

In the current year, the Group has applied HKFRS 9 (2014) simplified approach to measure ECL using lifetime ECL for trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics.

Loss allowances for other financial assets at amortised cost comprising mainly of amounts due from associates, loans and advances to customers, refundable deposits and other receivables, pledged bank deposits and cash and cash equivalents, are measured based on 12-month ECL ("12m ECL") basis on the basis that the directors of the Company have assessed and concluded that there had been no significant increase in credit risk since initial recognition, except for certain loans and advances to customers which are measured on lifetime ECL basis as for those credit risk had increased significantly since initial recognition.

As at 1 April 2018, the additional credit loss allowance of HK$9,887,000 for loans and advances to customers and HK$4,145,000 for trade receivables has been recognised against accumulated losses. The additional loss allowance is charged against the respective assets.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

HKFRS 9 Financial Instruments *(Continued)*

Impairment under ECL model (Continued)

All loss allowances for financial assets as at 31 March 2018 reconcile to the opening loss allowance as at 1 April 2018 is as follows:

	Loans and advances to customers	Trade receivables	Accumulated losses
	HK$'000	*HK$'000*	*HK$'000*
Closing balance at 31 March 2018	407,632	30,117	**(35,811)**
Effect arising from initial application of HKFRS 9:			
Remeasurement			
Impairment under ECL model	(9,887)	(4,145)	**(14,032)**
Opening balance at 1 April 2018	397,745	25,972	**(49,843)**

Note: Amounts written off resulted from the refinement of the write-off policy, from initial application of HKFRS 9.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening accumulated profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

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

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Retail sales of grocery products, coupons and frozen food
- Wholesale of grocery products and frozen food
- Interest income (not within scope of HKFRS 15)
- Rental income (not within scope of HKFRS 15)
- Dividend income (not within scope of HKFRS 15)

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 3 and 5 respectively.

Summary of effects arising from initial application of HKFRS 15

The application of the HKFRS 15 has no significant impact on the timing and amounts of revenue in the current year and accumulated losses at 1 April 2018.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	**Reclassification**	**Carrying amounts under HKFRS 15 at 1 April 2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade and other payables			
Receipts in advance from customers	31	(31)	–
Contract liabilities	–	31	31

As at 1 April 2018, receipts in advance from customers amounted to HK$31,000 in respect of sales contract signed with customers previously included in trade and other payables was reclassified to contract liabilities which is included in trade and other payables.

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

Impacts on opening consolidated statements of financial position arising from the application of all new standards

At as a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position as at 1 April 2018 had to be restated. The following table shows the adjustments recognised for each line items affected. Line items that were not affected by the changes have not been included.

	At 31 March 2018	Impact on initial application of HKFRS 15	Impact on initial application of HKFRS 9	At 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets				
Loans and advances to customers	160,338	–	(18)	160,320
Current assets				
Loans and advances to customers	247,294	–	(9,869)	237,425
Trade receivables	30,117	–	(4,145)	25,972
Current liabilities				
Trade and other payables				
Receipts in advance from customers	31	(31)	–	–
Contract liabilities	–	31	–	31
Equity				
Reserve				
Accumulated losses	(35,811)	–	(14,032)	(49,843)

New and amendments to HKFRSs in issue but not yet effective

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

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

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

[1] Effective for annual periods beginning on or after 1 January 2019

[2] Effective for annual periods beginning on or after 1 January 2020

[3] Effective for annual periods beginning on or after 1 January 2021

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

[5] Effective business combination for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

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

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

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

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

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

3. Significant Accounting Policies

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules").

(b) Basis of preparation and consolidation

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments, which are measured at fair values at the end of each reporting period. The measurement bases are described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries and the Group's interests in associates and a joint venture. The income and expenses of subsidiaries acquired or disposed of during the year are included in profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

All intra-group transactions, balances, income and expenses within the Group are eliminated on consolidation.

Non-controlling interest in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. Significant Accounting Policies *(Continued)*

(c) Business combinations

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

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

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income taxes" and HKAS 19 "Employee benefits" respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date (see the accounting policy below); and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operations" are measured in accordance with that standard.

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

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

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

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

3. Significant Accounting Policies *(Continued)*

(d) Interests in associates and joint ventures

An associate is an investment that is not a subsidiary or a joint venture, in which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

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 joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. Significant Accounting Policies *(Continued)*

(d) Interests in associates and joint ventures *(Continued)*

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

(e) Property, plant and equipment

Property, plant and equipment are stated at cost, less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life as follows:

Leasehold improvements	20% or over the lease terms, whichever is shorter
Equipment	20%
Furniture and fixtures	20% to 50%
Motor vehicles	20%
Ship	10%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the Continued use of the asset. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in profit or loss.

3. Significant Accounting Policies *(Continued)*

(f) Impairment on tangible and intangible assets

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

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rate basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, bank overdrafts and three-month time deposits.

Bank overdrafts that 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 for the purpose of the consolidated statement of cash flows.

In the consolidated statement of financial position, bank overdrafts is shown in current liabilities.

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

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

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

Interest income which is derived from the Group's ordinary course of business are presented as revenue.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 (2014) after 1 April 2018)

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

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

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

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

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and – the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL")

All other financial assets are subsequently measured at fair value.

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 (2014) after 1 April 2018) (Continued)

A financial asset is classified as held for trading if:

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at financial assets at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income and gains" line item in profit or loss.

(ii) Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses, net" line item.

(iii) Amortised cost and interest income

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

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

(iv) Dividend from equity instruments designated as at FVTOCI

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "investment and other income" line item in profit or loss.

Classification and subsequent measurement of financial assets (application of HKFRS 9 (2009) before 1 April 2018)

A financial asset is subsequently measured at amortised cost, using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

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

Interest income is recognised on an effective interest basis.

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are classified as measured at fair value, with all changes in fair value recognised in profit or loss, except as stated below.

For investments in equity instruments that are not held for trading, the Group may elect at initial recognition, on an instrument by instrument basis, to present gains and losses in other comprehensive income ("OCI"). For such investments measured at FVTOCI, gains and losses are never reclassified to profit or loss, and no impairment is recognised in profit or loss. Dividends earned from such investments are recognised in profit or loss, unless the dividend clearly represents a repayment of part of the cost of the investment.

Impairment of financial assets (upon application of HKFRS 9 (2014) on 1 April 2018 with transitions in accordance with note 2)

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

(i) Significant increase in credit risk

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

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 (2014) on 1 April 2018 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk (Continued)

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in (1) regulatory, economic or technological environments; (2) business or financial conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- financial re-organisation/restructuring entered by the debtors.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonably supportable information that demonstrates otherwise.

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

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above, the Group considers that default has occurred when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 (2014) on 1 April 2018 with transitions in accordance with note 2) (Continued)

(iii) Credit-impaired financial assets (Continued)

(d) probable bankruptcy or other financial reorganisation entered by the debtor;

(e) probable shortfall that expected cash inflows from the realisation of collateral is below the carrying amount of financial assets; or

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

(iv) Write-off policy

The Group writes off the gross carrying amount of a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate.

A write-off constitutes a derecognition event. Any subsequent recoveries will result in an impairment gain and is included in profit or loss.

(v) Measurement and recognition of ECL

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

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

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

- Nature of financial instruments (i.e. the Group's trade receivables, deposit and other receivables, loans and advances to customers are each assessed as a separate group. Amounts due from associates are assessed for expected credit losses on an individual basis);
- Past-due status;
- External credit ratings where available; and
- Nature, size and industry of debtors.

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (upon application of HKFRS 9 (2014) on 1 April 2018 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics in accordance with the internal credit risk categories as disclosed in note 35(b).

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

Impairment of financial assets (before application of HKFRS 9 (2014) on 1 April 2018)

At each reporting date, financial assets measured at amortised cost are reviewed to determine whether there is any objective evidence of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

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

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

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

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

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

Derecognition of financial assets

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

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

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investment revaluation reserves is reclassified to profit or loss.

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to non-controlling interests and related parties, borrowings and bank overdrafts) are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

3. Significant Accounting Policies *(Continued)*

(i) Financial instruments *(Continued)*

Financial liabilities and equity instruments *(Continued)*

Derecognition of financial liabilities

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

(j) Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(k) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

(l) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. Significant Accounting Policies *(Continued)*

(m) Income tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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.

(n) Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

3. Significant Accounting Policies *(Continued)*

(o) Revenue recognition

Revenue from contracts with customers (upon application of HKFRS 15)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

– the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

Revenue recognition (prior to 1 April 2018)

(i) Sales of goods

Revenue from sales of goods is recognised when goods are delivered and title have passed.

(ii) Interest income

Interest income is recognised in profit or loss over the terms of the contracts using the effective interest rate, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the credit loss.

(iii) Rental income

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are incurred.

3. Significant Accounting Policies *(Continued)*

(o) Revenue recognition *(Continued)*

Revenue recognition (for both period)

(i) Dividend income

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(p) Non-current assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(q) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or a joint venture of the other entity (or an associate or a 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;

(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); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

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

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the these financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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 described below.

(a) Impairment allowances on loans and advances to customers

Before the adoption of HKFRS 9 (2014), the Group estimates allowance for impairment of loans to customers based on an evaluation of collectability and ageing analysis of the receivables. The impairment loss amount of the individual receivable is the net decrease in the present value of the estimated future cash flows, and the evidence of impairment may include the observable evidence indicating that there is a measureable decrease in estimated future cash flows of the individual receivable. The Group periodically reviews its receivables to assess impairment individually and collectively. Factors considered by the Group may include the adverse changes in repayment status of the borrowers (e.g. decline in collateral value or payment delinquency or default), or change in national or local economic conditions that causes the default in payment. The methodologies and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce the differences between loss estimates and actual loss experience.

Since the adoption of HKFRS 9 (2014) on 1 April 2018, the Group measures the loss allowance based on an expected credit loss model. The allowance for ECL on the loans to customers are probability weighted average of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the loans to customers. Specifically, a credit loss is the present value of the difference between (i) the contractual cash flows that are due to an entity under the contract and (ii) the cash flows that the entity expects to receive. Such assessment involves a high degree of estimation and uncertainty. When the actual future cash flows are less or more than expected, a material ECLs or material reversal of ECLs may arise, accordingly.

(b) ECL allowances for trade receivable

Management regularly assesses the loss allowances for expected credit losses on trade receivables and recognises lifetime ECL for trade receivables. Allowances for these receivables assets are made based on evaluation of ECL for trade receivables and involve exercise of management's judgments, which are made by reference to the estimation of the future cash flows discounted to the present value. A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness and the risk of default occurring on debtors with significant balances and/or collectively using a provision matrix with appropriate groupings. The assessment on the probability of default and loss given default is based on historical data adjusted by forward-looking information. As at 31 March 2019, the carrying amount of trade receivables is approximately HK$18,095,000 (1 April 2018: HK$25,972,000), net of impairment losses allowance of approximately HK$4,099,000 (1 April 2018: HK$4,145,000).

5. Revenue and segment information

(a) Revenue

Revenue represents the aggregate of the net amounts received and receivable from third parties for the year. There is no seasonality and cyclicality of the operations of the Group. The performance obligation is part of a contract that has an original expected duration of one year or less. Disaggregation revenue from contracts with the customers are as follow:

	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Contracts with customers		
Retail sales of grocery products, coupons and frozen food	**27,231**	20,734
Wholesale of grocery products and frozen food	**118,957**	109,374
Revenue from sale of goods	**146,188**	130,108
Revenue from contracts with customers not within the scope of HKFRS 15		
Revenue from money lending	**60,080**	61,660
	206,268	191,768
Timing of revenue recognition within the scope of HKFRS 15		
At point in time	**146,188**	130,108

(b) Segment information

The chief operating decision makers have been identified as the executive directors of the Company (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management determined the operating segments based on these reports.

Management assesses the performance based on the nature of the Group's businesses which are principally located in Hong Kong, and comprises (i) money lending; and (ii) groceries, frozen food and catering coupons retail and groceries and frozen food wholesale business.

Segment results represent the loss generated by each segment without allocation of central administration costs, investment and other income, other gains and losses, finance costs, share of results of associates and share of result of a joint venture and taxation. This is the measure reported to the Executive Directors for the purposes of resources allocation and assessment of segment performance.

Segment assets include all assets, other than unallocated corporate assets. Segment liabilities include all liabilities, other than unallocated corporate liabilities, current tax liabilities.

5. Revenue and segment information *(Continued)*

(c) Segment results, assets and liabilities

	Money lending		Groceries retail and wholesale		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue from external customers	**60,080**	61,660	**146,188**	130,108	**206,268**	191,768
Reportable segment (loss)/profit before tax	**(8,208)**	15,726	**(19,054)**	(13,595)	**(27,262)**	2,131
Depreciation	**1,806**	776	**2,512**	1,657	**4,318**	2,433
Impairment losses on trade receivables	**–**	–	**–**	937	**–**	937
Impairment losses on loans and advances to customers, net	**–**	8,240	**–**	–	**–**	8,240
Allowance for expected credit losses on trade receivables, net	**–**	–	**1,629**	–	**1,629**	–
Allowance for expected credit losses on loans and advances to customers, net	**24,552**	–	**–**	–	**24,552**	–
Reportable segment assets	**360,418**	422,756	**45,788**	56,725	**406,206**	479,481
Additions to non-current segment assets – other capital expenditure	**1,502**	5,451	**4,341**	1,880	**5,843**	7,331
Reportable segment liabilities	**1,137**	649	**6,858**	12,505	**7,995**	13,154

5. Revenue and segment information *(Continued)*

(d) Reconciliations of reportable segment revenue, loss before tax, assets and liabilities

	2019 HK$'000	2018 HK$'000
Revenue		
Reportable segment revenue and consolidated revenue	**206,268**	191,768

	2019 HK$'000	2018 HK$'000
Loss before tax		
Reportable segment (loss)/profit before tax	**(27,262)**	2,131
Unallocated head office corporate expenses	**(8,182)**	(7,624)
Investment and other income	**3,456**	798
Other gains and losses, net	**(3,889)**	(1,594)
Share of results of associates	**1,010**	1,245
Share of result of a joint venture	**(146)**	–
Finance costs	**(2,243)**	(1,189)
Consolidated loss before tax	**(37,256)**	(6,233)

	2019 HK$'000	2018 HK$'000
Assets		
Reportable segment assets	**406,206**	479,481
Unallocated corporate assets	**37,282**	39,982
Consolidated total assets	**443,488**	519,463

	2019 HK$'000	2018 HK$'000
Liabilities		
Reportable segment liabilities	**7,995**	13,154
Unallocated corporate liabilities	**15,590**	26,342
Consolidated total liabilities	**23,585**	39,496

(e) Information about major customers

No single customer contributed 10% or more to the Group's revenue for the years ended 31 March 2019 and 2018.

(f) Geographical information

All of the Group's operations and assets are located in Hong Kong, in which all of its revenue was derived.

6. Investment and other income

	2019	2018
	HK$'000	*HK$'000*
Dividend income from financial assets at fair value through profit or loss	**267**	–
Interest income from		
– bank balances	**50**	11
– an independent third party	**1,439**	–
Rental income from sub-letting of		
– office premises	**86**	108
Sponsorship income for media production	**880**	316
Others	**734**	363
	3,456	798

7. Other gains and losses, net

	2019	2018
	HK$'000	*HK$'000*
Exchange losses, net	**(57)**	(4)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**2**	(4,822)
Loss on disposal of a subsidiary *(note 28)*	**(2,909)**	(1,091)
Fair value gain upon loss of significant influence in an associate *(note 15)*	**–**	4,445
Loss on disposal of an associate *(note 15)*	**(909)**	–
Loss on disposal of property, plant and equipment, net	**(16)**	(74)
Others	**–**	(48)
	(3,889)	(1,594)

8. Loss before tax

	2019	2018
	HK$'000	*HK$'000*
Loss before tax is arrived at after charging:		
Auditors' remuneration	**690**	650
Advertising expense	**1,778**	1,448
Commission expense (included in employee benefit expenses)		
– Money lending business	**3,968**	3,357
– Retail and wholesale business	**2,048**	2,629
Impairment losses on trade receivables	**–**	937
Impairment losses on amount due from an associate (included in administrative expenses)	**–**	1,090
Minimum lease payments in respect of operating lease of land and buildings	**7,620**	5,426
Employee benefit expenses *(note 10(a))*	**45,581**	39,971
Depreciation of property, plant and equipment *(note 14)*		
– Owned assets (included in administrative expenses)	**6,540**	5,456
– Owned assets (included in cost of sales)	**442**	36
– Held under a finance lease (included in administrative expenses)	**–**	97
	6,982	5,589
Carrying amount of inventories sold	**121,436**	112,182
Write-down of inventories (included in cost of sales)	**1,374**	1,133
Cost of inventories recognised as expenses	**122,810**	113,315

9. Directors' and chief executive's emoluments

Pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622), Companies (Disclosure of Information about Benefit of Directors) Regulation (Cap. 622G) and the GEM Listing Rules, the remuneration paid or payable to each of the six (2018: six) directors of the Company is set out below:

	For the year ended 31 March 2019				
	Fees	**Salaries, allowances and benefits in kind**	**Bonus**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Executive Directors					
Mr. SHIU Yeuk Yuen, the Chief Executive	**–**	**310**	**–**	**–**	**310**
Mr. LEUNG Ge On, Andy *(note (i))*	**–**	**526**	**–**	**7**	**533**
Ms. SIU Yeuk Hung, Clara	**–**	**832**	**–**	**18**	**850**
	–	**1,668**	**–**	**25**	**1,693**
Independent Non-Executive Directors					
Dr. SIU Yim Kwan, Sidney	**94**	**–**	**–**	**–**	**94**
Mr. KAM Tik Lun	**100**	**–**	**–**	**–**	**100**
Mr. HO Siu King, Stanley	**100**	**–**	**–**	**–**	**100**
	294	**–**	**–**	**–**	**294**
Total emoluments	**294**	**1,668**	**–**	**25**	**1,987**

	For the year ended 31 March 2018				
	Fees	Salaries, allowances and benefits in kind	Bonus	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Mr. SHIU Yeuk Yuen, the Chief Executive	–	296	–	–	296
Mr. LEUNG Ge On, Andy *(note (i))*	–	621	–	18	639
Ms. SIU Yeuk Hung, Clara *(note (ii))*	–	551	–	14	565
	–	1,468	–	32	1,500
Independent Non-Executive Directors					
Dr. SIU Yim Kwan, Sidney	100	–	–	–	100
Mr. KAM Tik Lun	100	–	–	–	100
Mr. HO Siu King, Stanley	100	–	–	–	100
	300	–	–	–	300
Total emoluments	300	1,468	–	32	1,800

9. Directors' and chief executive's emoluments *(Continued)*

Except as disclosed above, there was no remuneration paid to other directors of the Company for the years ended 31 March 2019 and 2018.

During the years ended 31 March 2019 and 2018, no emolument was paid by the Group to any of the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors of the Company has waived any emoluments during the year.

"Salaries, allowances and benefits in kind" paid to or for the executive directors are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Notes:

(i) Mr. LEUNG Ge On, Andy was passed away on 25 August 2018.

(ii) Ms. SIU Yeuk Hung, Clara joined the Company on 26 June 2017 and was appointed as an executive director of the Company on 9 August 2017. The remuneration disclosed above included salaries, allowances and benefit in kind in respect of her service as an employee before her appointment as an executive director of HK$51,000.

10. Employee benefit expense

(a) Total employee benefit expenses

	2019	2018
	HK$'000	*HK$'000*
Employee benefit expense (including directors' remuneration) *(note 9)*		
– Basic salaries, allowances and other benefits in kind	**44,116**	38,909
– Retirement benefit scheme contributions	**1,465**	1,062
	45,581	39,971

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, one (2018: two) was a director of the Company whose emolument is included in the disclosures in note 9 above. The emoluments payable to the remaining four (2018: three) individuals in which all of them (2018: all of them) were senior management during the year are as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**2,938**	2,781
Retirement benefit scheme contributions	**36**	36
	2,974	2,817

The emoluments of the highest paid four (2018: three) individuals for the year fell within the following bands:

	Number of individuals	
	2019	2018
Emolument bands		
Nil – HK$1,000,000	**4**	2
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	1
	4	3

11. Finance costs

	2019	2018
	HK$'000	*HK$'000*
Interest expenses on:		
Other loans	**2,243**	1,188
	2,243	1,188
Finance charge on obligation under a finance lease	**–**	1
Total interest expenses for financial liabilities that are not at fair value through profit or loss	**2,243**	1,189

12. Income tax (credit)/expense

	2019	2018
	HK$'000	*HK$'000*
Current tax: Hong Kong		
– Tax charge for the year	**–**	349
– Over-provision in prior years	**(14)**	(325)
	(14)	24
Deferred tax *(note 29)*	**(108)**	231
Income tax (credit)/expense	**(122)**	255

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2018, Hong Kong Profits Tax was calculated at 16.5% on the estimated assessable profits.

12. Income tax (credit)/expense *(Continued)*

The tax (credit)/expense for the year can be reconciled to the loss before tax per the consolidated statement of comprehensive income as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(37,256)**	(6,233)
Tax on loss before tax, calculated at the domestic income tax rate of 16.5% (2018: 16.5%)	**(6,147)**	(1,028)
Tax effect of non-taxable revenue	**(975)**	(733)
Tax effect of non-deductible expenses	**5,137**	1,419
Tax effect of unused tax loss not recognised	**1,905**	1,622
Tax effect of utilisation of tax losses previously not recognised	**(30)**	(375)
Tax effect of deductible temporary differences not recognised	**145**	–
Tax effect of share of results of associates	**(167)**	(205)
Tax effect of share of result of a joint venture	**24**	–
Statutory tax concession	**–**	(120)
Over-provision of income tax in prior years	**(14)**	(325)
Income tax (credit)/expenses	**(122)**	255

At the end of the reporting period, the Group has unused tax losses of HK$39,652,000 (2018: HK$28,287,000) available for offset against future profits. The tax losses do not expire under current legislation. No deferred tax asset has been recognised in respect of the tax losses amounting to HK$37,784,000 (2018: HK$26,419,000) due to the unpredictability of future profit streams.

As 31 March 2019, the Group has deductible temporary differences of HK$879,000 of which deferred taxation has not been recognised. Tax effect of such deductible temporary differences as at 31 March 2019 was HK$145,000.

The Hong Kong Inland Revenue Department (the "IRD") initiated tax inquiries for the years of assessment 2009/10 to 2014/15 on a subsidiary of the Group. Protective assessments for additional taxes of HK$292,000 and HK$293,000 were issued by the IRD on 22 April 2016 and 6 December 2016, respectively.

The Group had lodged objection with the IRD against the additional taxes of HK$292,000 and HK$293,000 in respect of the years of assessment 2009/10 and 2010/11 respectively.

The IRD agreed to hold over the tax claims for the years of assessment 2009/10 and 2010/11, amounts held over on the condition that tax reserve certificates in the amounts of HK$292,000 and HK$293,000 were purchased on 4 May 2016 and 24 January 2017 respectively. As at 31 March 2017, the Group has cumulatively purchased the tax reserve certificates of HK$585,000. During the year ended 31 March 2018, the IRD has issued a revised notice of assessment to that subsidiary for the years of assessment 2009/10 and 2010/11, which stated that there are no profits chargeable to Hong Kong Profits Tax. The tax previously held over conditionally for the years of assessment 2009/10 and 2010/11 is completely discharged and the tax reserve certificate in the aggregate amount of HK$292,000 was redeemed during the year ended 31 March 2018. The remaining unredeemed tax reserve certificate of HK$293,000 remained in deposits, prepayments and other receivables as at 31 March 2018 that was subsequently refunded on 3 April 2018.

13. Loss per share

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

	2019	2018
	HK$'000	*HK$'000*
Loss		
Loss for the year attributable to owners of the Company	**(37,108)**	(6,756)

	2019	2018
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**218,894,354**	219,387,505

Diluted loss per share for the years ended 31 March 2019 and 2018 were the same as the basic loss per share as there were no potential ordinary shares outstanding for both years.

14. Property, plant and equipment

	Leasehold improvements HK$'000	Equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles and ship HK$'000	Total HK$'000
Cost					
At 1 April 2017	5,739	5,432	2,629	15,743	29,543
Additions	4,227	2,656	1,195	615	8,693
Disposals	(1,520)	(9)	–	(568)	(2,097)
At 31 March 2018 and 1 April 2018	8,446	8,079	3,824	15,790	36,139
Additions	2,859	2,458	533	–	5,850
Disposals	–	–	–	(930)	(930)
Derecognised upon disposal of a subsidiary	(1,512)	(1,479)	(104)	–	(3,095)
Reclassified as held for sale	(855)	(886)	(45)	(532)	(2,318)
At 31 March 2019	8,938	8,172	4,208	14,328	35,646
Accumulated depreciation					
At 1 April 2017	2,213	2,167	1,082	3,406	8,868
Charge for the year	1,445	1,161	759	2,224	5,589
Written back on disposals	(1,442)	(8)	–	(483)	(1,933)
At 31 March 2018 and 1 April 2018	2,216	3,320	1,841	5,147	12,524
Charge for the year	2,139	1,595	1,075	2,173	6,982
Derecognised upon disposal of a subsidiary	(1,460)	(1,413)	(92)	–	(2,965)
Written back on disposals	–	–	–	(885)	(885)
At 31 March 2019	2,895	3,502	2,824	6,435	15,656
Carrying amounts:					
At 31 March 2019	**6,043**	**4,670**	**1,384**	**7,893**	**19,990**
At 31 March 2018	6,230	4,759	1,983	10,643	23,615

Note: As at 31 March 2019, the ship with net book value of HK$7,125,000 (2018: HK$8,625,000) is for staff welfare.

15. Interests in associates

	2019	2018
	HK$'000	*HK$'000*
Unlisted shares, at cost	**7,610**	11,579
Share of post-acquisition profit/(losses)	**1,971**	(929)
	9,581	10,650
Amounts due from associates *(note (i))*	**12,850**	15,884
Allowance for impairment	**(12,850)**	(15,725)
	–	159

On 22 February 2019, the Group disposed of its entire 45.65% equity interests in Smart Investment Development Limited ("Smart Investment") to an individual third party at a total consideration of HK$2,037,000. The consideration was settled by cash of HK$1,700,000 during the year ended 31 March 2019 and HK$337,000 was included in other receivables which has been settled on 30 April 2019. A net loss on the disposal of Smart Investment of HK$909,000 was recognised in profit or loss during the year ended 31 March 2019.

On 17 May 2017, a wholly-owned subsidiary of the Group entered into an agreement with the existing shareholders of KCL, an associate of the Group, for the formation of Topwise Global Holdings Limited ("TGHL") in which the Group has 22% equity interest. An investment holding company, Power Moto Holdings Limited ("Power Moto") was formed by TGHL and an independent third party. TGHL owns 90% equity interest in the issued share capital of Power Moto. As agreed amongst all shareholders of KCL, all of the equity interests in KCL held by respective shareholders have been transferred to Power Moto and hence KCL became a wholly-owned subsidiary of Power Moto. Before the abovementioned transactions, the Group held 22% equity interest in KCL. Certain entities engaged in the vehicle maintenance business were injected into Power Moto by the other shareholders of TGHL independent of the Group. The Group's interest in KCL was deemed as part of the required capital contribution to TGHL. The carrying amount of the Group's interest in KCL on the date of formation of TGHL was HK$6,494,000 after sharing of profit of KCL amounting to HK$251,000. The Group has made a further cash contribution of HK$3,191,000 to TGHL of which HK$860,000 was paid during the year ended 31 March 2017.

During the period from 1 April 2017 to 28 May 2017, the Group, through its 60% owned subsidiary, Perfect Goal Group Limited ("Perfect Goal") held 333,759 ordinary shares of Press Logic Holdings Limited ("HL"), representing an effective equity interest in HL of 13.35%. Up to 28 May 2017, the Group has shared a profit of HK$33,000 from HL and the carrying amount of equity interest in HL was HK$6,859,000 as at that date. On 29 May 2017, an independent third party ("Party A") subscribed for 387,374 ordinary shares of HL at a consideration of HK$20,000,000. On the same date, the Group disposed of 64,562 shares of HL to Party A for consideration of HK$2,187,000. The effective equity interest held by the Group was 8.56% after the abovementioned transactions and the Group has lost significant influence over HL. The fair value of the remaining interest held by the Group was HK$9,117,000. A fair value gain upon loss of significant influence in HL amounting to HK$4,445,000 was recognised in other gains or losses, net in profit or loss for the year ended 31 March 2018. Subsequently on 25 September 2017, the Group disposed of its entire interest in Perfect Goal to a director of a subsidiary of the Company for a consideration of HK$1,000. Details of the disposal of Perfect Goal are set out in note 28.

15. Interests in associates *(Continued)*

Notes:

(i) The amounts due from associates are unsecured, interest free and repayable on demand.

At 31 March 2019, the balances of amounts due from associates are net of accumulated allowance of HK$12,850,000 (2018: HK$15,725,000) due to the amounts were credit-impaired as at those dates. The directors of the Company considered the carrying amounts of remaining amounts due from associates approximate their fair values as at 31 March 2019 and 2018.

(ii) The movements in allowance for impairment of the amounts due from associates are as follows:

	2019	2018
	HK$'000	*HK$'000*
Balance at the beginning of year	**15,725**	14,635
Amount written off upon disposal of an associate recognise of allowance for ECL	**(2,875)**	1,090
Reversal of allowance for ECL		
Balance at the end of year	**12,850**	15,725

(iii) Particulars of the Group's interests in the Group's material associates at 31 March 2019 and 2018 are as follows:

Name of associates	Class of shares held	Particulars of paid up capital	Proportion of ownership interest held by the Group: Directly 2019 %	Directly 2018 %	Indirectly 2019 %	Indirectly 2018 %	Principal activities	Place of incorporation and operations
TGHL#	Ordinary	HK$42,750,000 (2018: 42,750,000)	**22.00**	22.00	**N/A**	N/A	Vehicle inspection and maintenance business and operation of vehicles examination centre	Hong Kong
KCL	Ordinary	HK$100 (2018: HK$100)	**N/A**	N/A	**19.80**	19.80	Operation of a vehicles examination centre	Hong Kong

\# TGHL is a pure investment holding company which holds 90% equity interest in Power Moto. Power Moto has certain wholly owned subsidiaries that are engaged in vehicle inspection and maintenance business and operation of examination centre.

The investment in TGHL and its subsidiaries, including KCL, enables the Group to have exposure to diversified business.

All of the above associates are unlisted and accounted for using the equity method in the consolidated financial statements.

(iv) Summarised financial information of the material associate, reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2019	2018
	HK$'000	*HK$'000*
TGHL		
Gross amounts of the associate		
Non-current assets	**37,419**	38,966
Current assets	**20,635**	18,060
Current liabilities	**(13,417)**	(7,766)
Equity	**44,637**	49,260
Revenue	**47,625**	42,103
Profit for the year and total comprehensive income for the year – attributable to owners	**4,134**	4,385
Reconciled to the Group's interest in the associate		
Gross amount of net assets of the associate	**44,637**	49,260
Non-controlling interests	**(3,669)**	(4,865)
Group's effective interest	**22%**	22%
Group's share of net assets of the associate	**9,013**	9,767
Goodwill	**568**	883
Carrying amount in the consolidated financial statements	**9,581**	10,650

15. Interests in associates *(Continued)*

Notes: (Continued)

(v) Aggregate financial information of individually immaterial associate is as follows:

	2019 HK$'000	2018 HK$'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	–	–
Aggregate amounts of the Group's share of those associates' loss for the year	–	(4)
Total comprehensive loss for the year	–	(4)

(vi) The Group has discontinued recognition of its share of losses of certain associates.

The amounts of unrecognised share of those associates, extracted from the relevant management accounts of the associates, both for the year and cumulatively, are as follows:

	2019 HK$'000	2018 HK$'000
Unrecognised share of losses of associates for the year	27	647
Accumulated unrecognised share of losses of associates	3,456	3,429

16. Interest in a joint venture

	2019 HK$'000	2018 HK$'000
Unlisted shares, at cost	1,373	–
Share of post-acquisition losses	(146)	–
	1,227	–

On 29 March 2019, the Group entered into a sale and purchase agreement with an independent third party to dispose of 60% equity interest in a wholly owned subsidiary, Basic Wholesale Limited ("Basic Wholesale"), at a consideration of HK$1,740,000, which HK$500,000 was settled by cash and the remaining consideration of HK$1,247,000 was included in other receivables that will be settled by 3 installments before 31 August 2019. Details set out in note 28.

Despite the disposal of 60% equity interest, pursuant to the sale and purchase agreement, the Group was still able to exert joint control over the relevant activities of Basic Wholesale as the Group has a right to appoint one out of two directors on the board of directors. Appointment or removal of a director can be executed by an ordinary resolution that requires 75% vote. Accordingly, the Group accounts for such investment as a joint venture.

The following set out the particulars of the joint venture of the Group as at 31 March 2019 and 2018:

Name of joint venture	Class of shares held	Particulars of paid up capital	Proportion of ownership interest: Direct 2019 %	Proportion of ownership interest: Direct 2018 %	Principal activities	Place of incorporation and operations
Basic Wholesale	Ordinary	HK$15,000 (2018: N/A)	40.00	N/A	Wholesale of grocery products	Hong Kong

16. Interest in a joint venture *(Continued)*

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

	2019
	HK$'000
Basic Wholesale	
Gross amounts of the joint venture	
Non-current assets	**115**
Current assets	**3,601**
Current liabilities	**(649)**
Equity	**3,067**
Revenue	**20,844**
Profit and total comprehensive income for the year	**840**
Reconciled to the Group's interest in the joint venture	
Gross amount of net assets of the joint venture	**3,067**
Group's effective interest	**40%**
Group's share of net assets of the joint venture	**1,227**

17. Financial assets designated at fair value through other comprehensive income

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities:		
– listed in Hong Kong *(notes (i))*	**–**	6,552

Notes:

(i) As at 31 March 2018, the Group held 27,414,368 issued ordinary shares of HMV Digital China Group ("HMV Digital"). The principal activities of HMV Digital and its subsidiaries are mainly artiste management services, music production and production of films and television programmes. These shares are not held for trading and the Group has chosen to designate these equity instruments as financial assets designated at FVTOCI since 2015 as the Group intended to hold the investment for the medium to long-term as a strategic investment.

During the year ended 31 March 2019, the Group purchased additional 19,500,000 issued ordinary shares of HMV Digital at an aggregate cash consideration of approximately HK$3,444,000. Thereafter, the management decided to disposed of all the issued ordinary shares of HMV Digital for an aggregate cash consideration of HK$670,000. A loss on change in fair value of financial assets designated as at FVTOCI of HK$9,326,000 was recognised in other comprehensive income during year ended 31 March 2019.

(ii) As at 31 March 2018, certain listed equity securities with an aggregate fair value of approximately HK$5,715,000 were pledged as collateral to securities brokers for margin financing granted to the Group. As at 31 March 2018, no margin financing was utilised by the Group.

18. Financial assets at fair value through profit or loss

	2019	2018
	HK$'000	*HK$'000*
Listed equity securities		
– Hong Kong *(notes (i) and (ii))*	**3,517**	768

Notes:

(i) The fair values of listed equity securities are determined by reference to their quoted market prices at the end of the reporting period and are categorised as level 1 under fair value measurement hierarchy.

(ii) As at 31 March 2019, listed equity securities with an aggregate fair value of approximately HK$3,517,000 (2018: HK$768,000) were pledged as collateral to securities brokers for margin financing granted to the Group.

As at 31 March 2019 and 2018, no margin financing was utilised by the Group.

(iii) As at 31 March 2019, the Group held 10,000,000 (2018: 10,000,000) ordinary shares of Hsin Chong Group Holdings Limited, for which the trading of such have been suspended since 3 April 2017 up to the date of approval of the Group's consolidated financial statements. In the opinion of the directors of the Company, the fair value of such securities is estimated to be minimal and a fair value loss of HK$3,500,000 has been recognised in consolidated profit or loss for the year ended 31 March 2018, reducing the carrying value to nil.

19. Inventories

	2019	2018
	HK$'000	*HK$'000*
Merchandise, at cost	**10,123**	13,180

20. Trade receivables

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade receivables			
– an associate	**-**	3,420	3,420
– independent third parties	**22,194**	26,697	26,697
Allowance for credit losses	**(4,099)**	(4,145)	-
Trade receivables	**18,095**	25,972	30,117

The Group maintains credit terms of cash on delivery for retail sales for both years ended 31 March 2019 and 2018. The credit term for certain wholesale customers is 30 to 90 days from the date of billing for the years ended 31 March 2019 and 2018. The Group did not hold any collateral as security or other credit enhancements over the trade receivables.

20. Trade receivables *(Continued)*

(a) Ageing analysis

The following is an aged analysis of trade receivables, net of impairment:

	2019	2018
	HK$'000	*HK$'000*
Within three months	**13,479**	17,480
Over three months and within one year	**4,616**	8,075
Over one year	**–**	4,562
	18,095	30,117

(b) Movement in the allowance for doubtful debts

	2018
	HK$'000
Balance at the beginning of the year	93
Impairment losses recognised	937
Bad debts written off	(1,030)
Balance at the end of the year	–

During the year ended 31 March 2018, uncollectible amounts of HK$1,030,000 has been written off. The individually impaired and written-off receivables mainly relate to customers who did not make any settlement during the year ended 31 March 2018.

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables net of impairment is follows:

	2018
	HK$'000
Neither past due nor impaired	19,405
Within three months past due	1,933
Over three months but within one year past due	5,458
Over one year past due	3,321
	10,712
	30,117

Trade receivables net of impairment that were relate to a number of customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. Deposits, prepayments and other receivables

	2019	2018
	HK$'000	*HK$'000*
Deposits *(note (iii))*	**3,249**	3,972
Prepayments *(note (iv))*	**2,007**	1,192
Other receivables *(note (v))*	**2,339**	7,734
	7,595	12,898
Analysed for reporting purpose as:		
Current portion *(note (i))*	**6,805**	11,796
Non-current portion *(note (iii))*	**790**	1,102
	7,595	12,898

Notes:

(i) As at 31 March 2019 and 2018, the balances of prepayments, deposits and other receivables were expected to be recovered within one year from the end of the reporting period and hence were classified as current assets except for the long term rental deposit.

(ii) In the opinion of the directors of the Company, deposits, prepayments and other receivables are neither past due nor impaired.

(iii) Included in deposits was rental deposit amounting to HK$1,962,000 (2018: HK$1,545,000) of which HK$790,000 (2018: HK$1,102,000) is expected to be recovered over one year.

(iv) As at 31 March 2018, included in prepayments was HK$378,000 paid to an associate of the Group for purchase of grocery products.

(v) Included in other receivables were consideration receivables for disposal of a subsidiary amounting to HK$1,247,000 (2018: HK$7,003,000) and disposal of an associate amounting to HK$337,000 (2018: nil).

22. Loans and advances to customers

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Loans and advances to customers	**364,685**	422,475	422,475
Allowance for impairment	**(31,780)**	(24,730)	(14,843)
	332,905	397,745	407,632
Analysed for reporting purpose as:			
Current portion	**222,121**	237,425	247,294
Non-current portion	**110,784**	160,320	160,338
	332,905	397,745	407,632

As at 31 March 2019, loans and advances to customers of HK$93,260,000 (2018: HK$104,939,000) and nil (2018: HK$30,000,000) are secured by the customers' pledged first charge properties, and equity securities respectively. As at 31 March 2019, total market value of the customers' pledged properties as collaterals for these loans and advances to customers was HK$183,900,000 (2018: HK$172,200,000). The pledged equity securities were listed on the Hong Kong Stock Exchange and have been suspended for trading since 3 October 2017. As at 31 March 2019, the loans with pledged equity security amounted to HK$30,000,000 was fully repaid. The remaining balances are unsecured that includes unsecured personal loans and second and third mortgage loans in respect of which the Group are not entitled to a first charge of relevant mortgage properties. The management considers that the second and third mortgage loans are classified as unsecured loans due to the impediment in repossession of the mortgage properties and the practical difficulties to ascertain the residual collateral value after claim by fist mortgagee.

22. Loans and advances to customers *(Continued)*

All loans and advances to customers are denominated in HK$. The Group's loans and advances to customers related to a large number of diversified customers with principal amount ranging from HK$4,500 to HK$32,680,000 and details of concentration of credit risk are disclosed in note 35(b)(b). The loans and advances to customers carry fixed effective interest rate as follows with credit terms mutually agreed with the customers:

	Effective interest rate per annum	
Types of loan	**2019**	2018
Secured loan with properties (first charge)	**4% – 28%**	5% – 24%
Secured loan with listed equity securities	**–**	13%
Unsecured loan	**1% – 56%**	1% – 53%

(a) The maturity profile of loans and advances to customers, net of allowance for impairment losses, at the end of reporting period, analysed by the remaining periods to their contractual maturity dates is as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**222,121**	247,294
Over one year but within five years	**65,938**	64,036
Over five years	**44,846**	96,302
	332,905	407,632

(b) The movements in allowance for impairment of loans and advances to customers:

	2018
	HK$'000
Balance at the beginning of year	7,415
Impairment losses charged to profit or loss	8,815
Impairment losses reversed to profit or loss	(575)
Uncollectible amounts written off	(812)
Balance at the end of year	14,843

Included in the above provision for impairment of loans and advances to customers are allowances for individually impaired loans and advances to customers of HK$10,893,000 as at 31 March 2018. The individually impaired receivables related to customers that were in financial difficulties or customers that were in default or delinquency in interest or principal payments and only a portion of the receivables is expected to be recovered.

22. Loans and advances to customers *(Continued)*

(c) Loans and advances to customers disclosed in note (a) above include amounts of HK$64,398,000 which are past due but not impaired during the year ended 31 March 2018.

Loans and advances to customers past due but not impaired:

	2018
	HK$'000
Past due within 6 months	44,422
Past due 6 to 12 months	1,619
Past due over 1 year	18,357
	64,398

The Group has not made impairment on these loans and advances to customers because, in the opinion of directors of the Company, there is either no significant change in credit quality of the customers or sufficient collaterals to recover the outstanding loans receivables, therefore the amounts are still considered recoverable.

(d) The Group's loans and advances to customers, net of impairment, of HK$299,242,000 (2018: HK$343,234,000) mainly represented loans granted to creditworthy customers for whom there was no recent history of default or secured by the collaterals which the value was higher than the carrying value of the loans and advances to customers.

23. Pledged bank deposits

The pledged bank deposits of HK$1,002,000 (2018: HK$1,001,000) carry interest at the rate of 0.1% (2018: 0.1%) per annum with maturity period of three months (2018: three months). As at 31 March 2019, the above bank deposits have been pledged to banks to secure general banking facilities (2018: general banking facilities) granted to the Group.

24. Cash and cash equivalents

(a) Cash and cash equivalents comprise of cash at bank, security brokers and on hand.

(b) Reconciliation of liabilities arising from financial activities

The table below details the changes in the Group's major liabilities arising from financing activities, including both cash and non-cash changes:

	Amounts due to related parties *HK$'000*	Amount due to a non-controlling shareholder of a subsidiary *HK$'000*	Borrowings *HK$'000*	Total *HK$'000*
At 1 April 2018	7,200	754	16,000	23,954
Financing cash flow				
Repayment of borrowings	–	–	(9,500)	(9,500)
Drawdown of borrowings	–	–	1,000	1,000
Advance from related parties	14,500	–	–	14,500
Repayment to related parties	(16,000)	–	–	(16,000)
	(1,500)	–	(8,500)	(10,000)
Other changes				
Release upon disposal	–	(754)	–	(754)
Interest expenses recognised in profit or loss	1,132	–	1,111	2,243
Interest and finance charges paid	(1,132)	–	(1,111)	(2,243)
	–	(754)	–	(754)
At 31 March 2019	5,700	–	7,500	13,200

24. Cash and cash equivalents *(Continued)*

(b) Reconciliation of liabilities arising from financial activities *(Continued)*

	Obligation under a finance lease *HK$'000*	Amounts due to related parties *HK$'000*	Amount due to a non-controlling shareholder of a subsidiary *HK$'000*	Borrowings *HK$'000*	Total *HK$'000*
At 1 April 2017	105	2,200	852	5,000	8,157
Financing cash flow					
Repayment to a non-controlling shareholder of a subsidiary	–	–	(98)	–	(98)
Repayment of borrowings	–	(13,500)	–	(5,000)	(18,500)
Proceeds from new borrowings	–	18,500	–	16,000	34,500
Finance lease repayment	(105)	–	–	–	(105)
	(105)	5,000	(98)	11,000	15,797
Other changes					
Interest expenses recognised in profit or loss	1	455	–	733	1,189
Interest and finance charges paid	(1)	(366)	–	(585)	(952)
Accrued interest include in other payables and accruals	–	(89)	–	(148)	(237)
	–	–	–	–	–
At 31 March 2018	–	7,200	754	16,000	23,954

25. A disposal group classified as held for sale

On 2 April 2019, the Group entered into a sale and purchase agreement with an independent third party, Pursuant to the sale and purchase agreement, the Group agreed to sell its 100% equity interest in a wholly-owned subsidiary, Cool Cool Frozen Food Limited ("Cool Cool Frozen"), for a cash consideration of HK$3,000,000. Cool Cool Frozen is engaged in trading of frozen food products which included in the Group's groceries retail and wholesale for segment reporting purpose (see note 5).

As at 31 March 2019, the asset and liability attributable to Cool Cool Frozen, which are expected to be sold within twelve months, had been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal were expected to exceed the net carrying amount of the relevant asset and liability at 31 March 2019. Accordingly, no impairment loss had been recognised upon the classification of this operation as asset and liability held for sale.

The major classes of asset and liability comprising the disposal group classified as held for sale are as follows:

	2019 HK$'000
Property, plant and equipment	**2,318**
Asset classified as held for sale	**2,318**
Other payables	**7**
Liability associated with asset classified as held for sale	**7**

26. Trade and other payables

	31 March 2019	1 April 2018	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*
Trade payables	**4,307**	10,101	10,101
Other payables and accruals	**4,223**	3,663	3,663
Receipts in advance from customer	**–**	–	31
Contract liabilities	**353**	31	–
	8,883	13,795	13,795

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

At the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**4,246**	6,135
31 – 90 days	**17**	749
91 – 365 days	**44**	3,217
	4,307	10,101

27. Borrowings

	2019	2018
	HK$'000	*HK$'000*
Other loans – unsecured (note (i))	**7,500**	16,000

Note:

(i) The other loans are denominated in HK$ and is borrowed from independent third parties. The loans are unsecured, interest-bearing at the rate of 10% (2018: 10%) per annum and repayable on demand or within one year.

The maturity profile of the borrowings based on the scheduled repayment dates set out in the loan agreements is as follows:

	2019	2018
	HK$'000	*HK$'000*
On demand	**6,500**	13,000
Within one year	**1,000**	3,000
	7,500	16,000

28. Disposal of subsidiaries

On 30 November 2018, the Group acquired the remaining 20% of equity interest in Basic Wholesale at a cash consideration of HK$1 and Basic Wholesale became wholly owned by the Group and resulted in increase in non-controlling interest of HK$428,000. On 29 March 2019, the Group disposed of 60% of its equity interest in Basic Wholesale, to an independent third party for a cash consideration of HK$1,747,000 that will be settled in cash by four installments. As at 31 March 2019, consideration of HK$500,000 was settled and the remaining consideration of HK$1,247,000 was included in deposits, prepayments and other receivables which will be settled by 3 installments before 31 August 2019 according to the sale and purchase agreement. The net liabilities disposed of amounted to HK$2,158,000, the comprised of property, plant and equipment of HK$130,000, inventories of HK$3,325,000 and other payables of HK$5,613,000. A net loss on disposal of HK$2,909,000 was recognised in profit or loss (after netting a waiver of shareholder loan of HK$6,814,000) during the year ended 31 March 2019. After the disposal, the Group has lost control over Basic Wholesale and the remaining 40% equity interest was recognised as interest in a joint venture as disclosed in note 16.

On 25 September 2017, the Group disposed of its 100% interest in Perfect Goal, a non-wholly owned subsidiary, to a director of a subsidiary for a consideration of HK$1,000. The consideration receivable is included in deposits, prepayments and other receivables as at 31 March 2018 and was subsequently settled on 21 June 2018. The net assets disposed of amounted to HK$2,114,000, which comprised financial assets at fair value through profit or loss amounting to HK$9,117,000, amount payable to the Group of HK$7,003,000 and to the non-controlling interests of HK$1,022,000. A loss on disposal of HK$1,091,000 was recognised in profit or loss during the year ended 31 March 2018.

29. Deferred tax (assets)/liabilities

Deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Tax loss	Depreciation allowance in excess of related depreciation	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2017	–	–	–
Deferred tax (credited)/charged to the income statement during the year *(note 12)*	(308)	539	231
At 31 March 2018 and 1 April 2018	(308)	539	231
Deferred tax credited to the income statement during the year *(note 12)*	–	(108)	(108)
At 31 March 2019	**(308)**	**431**	**123**

30. Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Share capital

	Number of shares	*HK$'000*
Authorised ordinary shares of HK$0.01 each:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019		
Ordinary shares of HK$0.01 each	30,000,000,000	300,000
Issued and fully paid ordinary shares of HK$0.01 each:		
At 1 April 2017	220,094,354	2,201
Cancellation of shares *(note (i))*	(1,200,000)	(12)
At 31 March 2018 and 1 April 2018 and 31 March 2019	218,894,354	2,189

All issued shares rank pari passu in all respects with each other.

Note:

(i) The Company acquired 1,200,000 of its own shares through purchases on the Stock Exchange from 10 August 2017 to 18 August 2017, which have been cancelled during the year ended 31 March 2018. The total amount paid to acquire the shares was HK$985,000, of which HK$191,000 and HK$794,000 has been deducted from capital redemption reserve and share premium, respectively, within shareholders' equity.

(c) Reserves

(i) Share premium

The application of share premium account is governed by section 40 of the Companies Act 1981 of Bermuda.

(ii) Capital redemption reserve

Capital redemption reserve arose on the cancellation of repurchased shares and accordingly reduction of nominal value of share capital of the Company.

(iii) Capital reserve

Capital reserve represents (i) the difference between the nominal value of the shares of subsidiaries acquired and the nominal value of shares issued by the Company as consideration thereof pursuant to the reorganisation and (ii) the difference between the consideration paid/received to obtain/release non-controlling interests in certain subsidiaries and their respective carrying amount on the date of acquisition or disposal.

(iv) Investment revaluation reserve

The investment revaluation reserve represents the cumulative net change in fair value of financial assets designated at FVTOCI since initial recognition.

30. Capital, reserves and dividends *(Continued)*

(c) Reserves *(Continued)*

(v) Contributed surplus

Contributed surplus represents the reduction of issued share capital.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if there are reasonable grounds for believing that: (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due, or (ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and the share premium account.

(d) Dividend

No dividend was paid or proposed during the year ended 31 March 2019 nor has any dividend been proposed since the end of reporting period (2018: Nil).

31. Share-based compensation

The shareholders of the Company approved a share option scheme (the "2001 Share Option Scheme") under which its board of the directors may, as its discretion, offer full-time or part time employees and executive, non-executive and independent non-executive directors of the Company and/or any its subsidiaries, options to subscribe for shares in the Company. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 30% of the issued share capital of the Company. The subscription price will be determined by the Company's board of directors and will be the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options. The 2001 Share Option Scheme become effective on 24 September 2001 was terminated by shareholders of the Company on 4 January 2011.

An ordinary resolution was passed by the shareholders at the special general meeting of the Company held on 4 January 2011 to adopt a new share option scheme (the "2011 Share Option Scheme") and terminate the 2001 Share Option Scheme.

The purpose of the 2011 Share Option Scheme is to enable the Group to grant share options to the participants as incentives or rewards for their contribution to the Group.

Eligible participants of the 2011 Share Option Scheme ("Eligible Participants") include (i) any full-time employees of the Group and Directors (including Executive Directors, Non-executive Directors and Independent Non-executive Directors) of the Company; (ii) any supplier of goods or services to any member of the Group or any entity in which any member of the Group holds an equity interest (the "Invested Entity"); (iii) any customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; (vi) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and (vii) any other group or classes of Eligible Participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

The 2011 Share Option Scheme became effective on 4 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of share options permitted to be granted under the 2011 Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the 2011 Share Option Scheme.

31. Share-based compensation *(Continued)*

The maximum number of share issuable under share options to each eligible participant in the 2011 Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, which any 12-month period, are subject to shareholders' approval in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a vesting period and ends on a date which is not later than ten years from the date of offer of the share options.

The exercise price of share options is determinable by the directors of the Company, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of the share options; (ii) the average closing price of the Company's share as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the Company's share. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options.

During the year ended 31 March 2019 and 2018, no option under the 2011 Share Option Scheme has been granted by the Company, therefore there is no option outstanding at 31 March 2019 and 2018.

For the years ended 31 March 2019 and 2018, no employee compensation expense in respect of share-based payment has been included in the consolidated statement of comprehensive income. No liabilities are recognised due to the share-based payment transactions.

32. Transactions and balances with related parties

(a) Key management compensation

During both years, compensation of key management personnel represents directors' remuneration and those of senior staff as stated in notes 9 and 10, respectively. The directors' remuneration is determined by the remuneration committee having regard to the performance, responsibilities and experience of individuals and market trends.

32. Transactions and balances with related parties *(Continued)*

(b) Financing arrangements

	Notes	Amounts owed to the Group by related parties As at 31 March 2019 HK$'000	2018 HK$'000	Amounts owed by the Group to related parties As at 31 March 2019 HK$'000	2018 HK$'000	Related interest income/(expense) For the year ended 31 March 2019 HK$'000	2018 HK$'000
Loans from close family members of a director	(i), (iv)	**–**	–	**(5,700)**	(7,200)	**(1,131)**	(455)
Loan to a director of a subsidiary	(ii), (v)	**–**	1,650	**–**	–	**–**	3
Amount due from an associate	(iii)	**–**	159	**–**	–	**–**	–
Amount due to a non-controlling shareholder of a subsidiary	(iii)	**–**	–	**–**	(754)	**–**	–

Notes:

(i) The balances due to certain family members of an executive director of the Company are unsecured, interest bearing at 10% (2018: 10%) per annum and repayable within one year, except for the balance of HK$4,000,000 (2018: HK$5,500,000), which is unsecured, interest bearing at 10% (2018:10%) per annum and repayable on demand.

(ii) Pursuant to a loan agreement entered into between a subsidiary of the Company and a director of another subsidiary on 13 March 2018, the Group has granted HK$1,650,000 to that director. The loan to director is unsecured, interest bearing at 3.636% per annum and repayable on 12 September 2018. Such balance is included in loans and advances to customers (note 22).

(iii) The amounts are unsecured, interest free and repayable on demand.

(iv) The related party transactions in respect of the financial assistance received from close family members of an executive director constitutes continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as the transactions are on normal commercial terms and no security over the assets of the Company is granted in respect of such financial assistance.

(v) The related party transactions in respect of the financial assistance provided to a director of a subsidiary constitutes connected transactions as defined in Chapter 20 of the GEM Listing Rules. However those transactions are exempt from the disclosure requirements in Chapter 20 of the GEM Listing Rules as the transactions are on normal commercial terms and satisfy the de minimis threshold.

(c) Performance guarantee provided

During the year ended 31 March 2019 and 2018, the Company provided performance guarantee for KCL regarding the management, operation and maintenance of a vehicle examination center. The letter of guarantee contains no specific amount and will be repaid on 31 March 2021. A counter-guarantee of 78% of the guarantee liability was provided by one of the ultimate shareholders of TGHL.

32. Transactions and balances with related parties *(Continued)*

(d) Other related party transactions

The Group had significant transactions with the following related parties during the year:

Related party relationship	**Type of transaction**	*Notes*	**Transaction amount 2019** *HK$'000*	2018 *HK$'000*
Directors of the Company	Sales of groceries products	(ii)	**77**	11
	Sales of cash coupons		**37**	–
Close family members of a director of the Company	Sales of groceries products	(ii)	**–**	37
	Sales of cash coupons	(ii)	**45**	–
Companies controlled or jointly controlled by the directors or their close family members	Rental income from letting – office premises	(ii)	**–**	21
	Sales of groceries products	(ii)	**–**	97
Subsidiaries of a substantial shareholder	Share of rental and mutual guarantee shareholder of contingent rental liabilities		**–**	1,300
Associate	Sales of groceries products		**940**	885
	Purchase of groceries products		**28**	122
	Sales of cash coupons		**22**	–

Notes:

(i) The directors of the Company are of the opinion that the above transactions were entered into at terms agreed by both parties and the terms of the transactions were determined by the directors with reference to the terms of similar transactions with unrelated third parties.

(ii) The related party transactions in respect of the sales and purchase of groceries products and cash coupons and rental income above constitute connected transactions or continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. However, those transactions are exempt from the disclosure requirements in Chapter 20 of the Listing Rules as they are below the de minimis threshold under Rule 20.74(1)(c) of the GEM listing Rules.

(iii) Except as disclosed above and elsewhere in the consolidated financial statements, there were no other significant related party transactions with related parties during the year or significant balances with them at the end of the year.

33. Commitments

(a) Capital commitments

The Group has the following capital commitments for property, plant and equipment that are not recognised as liabilities at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Contracted for	**–**	181

(b) Operating lease commitments

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

	2019	2018
	HK$'000	*HK$'000*
Within one year	**6,724**	5,256
In the second to fifth years, inclusive	**2,144**	5,359
	8,868	10,615

The Group leases a number of premises under operating leases, with original terms ranging from 1 to 3 years. The leases do not include any contingent rentals.

As at 31 March 2019, the Group as lessee had non-cancellable operating lease commitments of approximately HK$8,868,000 (2018: approximately HK$10,615,000). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon the application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

34. Contingent liabilities

Performance guarantee granted

As at the end of the reporting period, the Group has provided performance guarantee to an associate (note 32(c)). As at 31 March 2019 and 2018, the directors of the Company do not consider it probable that a claim will be made against the Group under the guarantee.

35. Financial risk management and fair value of financial instruments

(a) Financial instruments by category

	2019	2018
	HK$'000	*HK$'000*
Financial assets		
Financial assets designated at FVTOCI	**–**	6,552
Financial assets at FVTPL	**3,517**	768
Financial assets at amortised costs		
– Trade receivables	**18,095**	30,117
– Refundable deposits and other receivables	**5,588**	11,706
– Loans and advances to customers	**332,905**	407,632
– Amounts due from associates	**–**	159
– Pledged bank deposits	**1,002**	1,001
– Cash and cash equivalents	**34,779**	11,053
	392,369	461,668
Total	**395,886**	468,988
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	**4,461**	10,101
– Amount due to a non-controlling shareholder of a subsidiary	**–**	754
– Amounts due to related parties	**5,700**	7,200
– Bank overdrafts	**485**	–
– Borrowings	**7,500**	16,000
Total	**18,146**	34,055

(b) Financial risk factors

The Group is exposed itself to variety of financial risks: market risk (including cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the directors of the Company. The overall objective in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets. Long term financial investments are managed to generate returns with acceptable risk levels.

The Group identifies ways to assess financial markets and monitors the Group's financial risk exposures. Regular reports are provided to the directors of the Company.

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk

(i) Cash flow and fair value interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rate cash at bank, security brokers and bank overdrafts. The Group's cash flow interest rate results mainly from the fluctuations of market interest rates. The Group is exposed to fair value interest rate risk in relation to fixed-rate loans and advances to customers, pledged bank deposits, and amounts due to related parties and borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Total interest income from financial assets that are measures at amortised cost is as follow:

	2019	2018
	HK$'000	*HK$'000*
Interest revenue		
Financial assets at amortised cost	**60,080**	–
Loans and receivables (including cash and cash equivalents)	**–**	61,660
Other income		
Financial assets at amortised cost	**1,489**	–
Loans and receivables (including cash and cash equivalents)	**–**	11
Total interest income	**61,569**	61,671

Total interest income from financial assets that are measures at amortised cost is as follow:

Interest expense on financial liabilities not measured at FVTPL:

	2019	2018
	HK$'000	*HK$'000*
Financial liabilities at amortised cost	**2,243**	1,189

The sensitivity analysis below has been determined based on the exposure to interest rates on the Group's bank balances and variable-rate bank overdrafts and at the end of the reporting period and prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in used by management for the assessment of the reasonably possible change in interest rates.

If market interest rates had been 50 basis points higher/lower with all other variables held constant, the Group's post-tax losses for the year ended 31 March 2019 would have been approximately HK$143,000 (2018: HK$45,000) higher/lower, respectively.

(ii) Price risk

Equity price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is exposed to equity security price risk arising from individual equity investments classified as FVTPL (note 18) and FVTOCI (note 17) at 31 March 2019 and 2018.

The Group's listed investments are primarily listed in Hong Kong. Listed investments held in FVTOCI portfolio have been chosen based on their long term growth potential while FVTPL for short term investment gain and both FVTPL and FVTOCI are monitored regularly for performance against expectations. And the portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(a) Market risk (Continued)

(ii) Price risk (Continued)

Sensitivity analysis

The following table indicates the approximate change in the Group's post-tax and other components of equity in response to the reasonably possible changes in the relevant stock market prices, to which the Group has significant exposure at the end of the reporting period.

In response to the reasonably possible change in the market price of the listed securities, the Group's investment in equity securities has the following exposures:

31 March 2019			31 March 2018		
Increase/ (decrease) in securities market price	**Effect on post-tax**	**Effect on other components of equity**	Increase/ (decrease) in securities market price	Effect on post-tax	Effect on other components of equity
%	***HK$'000***	***HK$'000***	*%*	*HK$'000*	*HK$'000*
10	**294**	**–**	10	108	655
(10)	**(294)**	**–**	(10)	(108)	(655)

(b) Credit risk and impairment assessment

Credit risk refers to the risk that the borrowers or counterparties may default on their payment obligations due to the Group. These rights arise from the Group's lending and investment activities and sales of goods. Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statement of financial positions which are summarised in note 35(a).

In order to minimise the credit risk, the Group has established policies and systems for the monitoring and control of credit risk. The management has delegated different divisions responsible for determination of credit limits, credit approvals and other monitoring processes to ensure that follow-up action is taken to recover overdue debts and past due trade receivables. In addition, management reviews the carrying amounts of loans and advances to customers and trade receivables individually and collectively at the end of each reporting period to ensure that adequate loss allowance for ECL on financial assets is made. In this regard, management considers that the Group's credit risk is significantly reduced.

Loans and advances to customers

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has certain concentration of credit risk as 14% and 28% of the total loans and advance to customers was due from the Group's largest customer and the five largest customers within the money lending segment respectively (2018: 11% and 31% respectively). The Group's exposures of credit risk arising from loans and advance to customers is set out in below.

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment (Continued)

Loans and advances to customers *(Continued)*

The Group's internal credit risk grading assessment on loans and advances to customers comprises the following categories:

Internal credit rating	Description	Basic for recognition of ECL
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flow	12m ECL
Underperforming	Loans and interest receivables for which a significant increase in credit risk is presumed if interest and/or principal repayments are past due within 30 days	Lifetime ECL – not credit impaired
Non-performing	Loans and interest receivables which a significant increase in credit risk is presumed if interest and/or principal repayments are past due from 31 days to 90 days	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty, interest and/or principal repayments are more than 90 days past due and there is no realistic prospect of recovery of debts	Amount is written off

The following tables show reconciliation of loss allowances for ECL that has been recognised for loans and advances to customers.

	12-month ECL HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
Gross carrying amount at 31 March 2019	288,033	37,316	39,336	364,685

Loss allowance for ECL:	12-month ECL HK$'000	Lifetime ECL (not credit-impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
As at 31 March 2018 (b/f)	–	–	14,843	14,843
As at 1 April 2018 (Opening ECL)	5,330	3,451	1,106	9,887
As at 1 April 2018 (Restated)	5,330	3,451	15,949	24,730
Changes due to financial instruments recognised as at 1 April/during the year	–	–	–	–
Transfer from 12m ECL	(21)	1	20	–
Transfer from lifetime ECL	2	(2)	–	–
Recognise/(reversal) of allowance for ECL	7,124	(1,784)	19,212	24,552
Amounts written off	–	–	(17,502)	(17,502)
As at 31 March 2019	12,435	1,666	17,679	31,780

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment (Continued)

Trade receivables

The Group applied simplified approach in HKFRS 9 to measures loss allowance for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significant different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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

31 March 2019

	Expected loss rate	Gross carrying amount HK$'000	Loss allowance HK$'000
Neither past due nor impaired	**2.72%**	**6,665**	**181**
Within three months past due	**11.92%**	**9,265**	**1,104**
Over three months but within one year past due	**30.78%**	**4,984**	**1,534**
Over one year past due	**100%**	**1,280**	**1,280**
		22,194	**4,099**

The estimated loss rates are estimated based on historical observed default rate and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtor is updated.

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(b) Credit risk and impairment assessment (Continued)

Trade receivables *(Continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivable under simplified approach.

	HK$'000
As at 31 March 2018 under HKAS 39	–
Adjustment upon application of HKFRS 9	4,145
As at 1 April 2018 – as restated	4,145
Impairment losses recognised	3,205
Impairment losses reversed	(1,576)
Impairment losses recognised during the year	1,629
Bad debts written off	(1,675)
As at 31 March 2019	4,099

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

Amount due from associates

For the years ended 31 March 2019 and 2018, management makes periodic collective assessments as well as individual assessment on the recoverability of amount due from associates based on historical settlement records and past experience, and the balances of amounts due from associates are net of accumulated allowance of HK$12,850,000 (2018: HK$15,725,000) due to the amounts were credit-impaired as at those dates.

Refundable deposits and other receivables

For refundable deposits and other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience, and assessed that the expected loss rate for the other receivables was immaterial. Thus no loss allowance for other receivables was recognised as at 31 March 2019.

Pledge bank deposit and cash and cash equivalents

For the years ended 31 March 2019 and 2018, all the Group's pledged bank deposits, cash and cash equivalents are deposited with major banks and securities brokers located in Hong Kong. The expected credit loss for bank balances is insignificant because such assets are placed in banks with good reputation.

35. Financial risk management and fair value of financial instruments *(Continued)*

(b) Financial risk factors *(Continued)*

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, borrowings, bank overdrafts, amounts due to related parties and its financing obligations and also in respect of its cash flow management. The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business.

The Group maintains a level of cash and cash equivalents and marketable securities deemed adequate by the management to meet its liquidity requirements for up to 30-days periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

Analysed below is the Group's remaining contractual maturities for its non-derivative financial liabilities at 31 March 2019 and 2018. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay. Borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the independent third party choosing to exercise their rights within one year after the reporting period. The maturity analysis for other non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The analysis is based on the financial liabilities' contractual undiscounted cash flows (including interest payments calculated using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group can be required to pay.

	Weighted average effective interest rate	**On demand**	**Within one year**	**Total contractual undiscounted cash flows**	**Carrying amount**
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 March 2019					
Non-derivative financial instruments					
Trade and other payables	**–**	**–**	**4,461**	**4,461**	**4,461**
Amounts due to related parties	**10**	**4,000**	**1,700**	**5,700**	**5,700**
Bank overdrafts	**5**	**485**	**–**	**485**	**485**
Borrowings					
– Other loan	**10**	**6,500**	**1,028**	**7,528**	**7,500**
Total		**10,985**	**7,189**	**18,174**	**18,146**
At 31 March 2018					
Non-derivative financial instruments					
Trade and other payables	–	–	10,101	10,101	10,101
Amount due to a non-controlling interest of a subsidiary	–	754	–	754	754
Amounts due to related parties	10	5,500	1,726	7,226	7,200
Borrowings					
– Other loan	10	13,000	3,069	16,069	16,000
Total		19,254	14,896	34,150	34,055

35. Financial risk management and fair value of financial instruments *(Continued)*

(c) Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. During the year, the Group's strategy, which was unchanged from 2018, was to continue to monitors its capital structure on the basis of the net debt to adjusted capital ratio at a reasonable level. For this purpose net debt is defined as borrowings net of pledged bank deposits, amounts due to related parties and bank overdrafts and obligation under a finance lease less cash and cash equivalents. Adjusted capital comprises all components of equity other than amounts recognised in equity. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The gearing ratio at the end of the reporting period was as follows:

	2019	2018
	HK$'000	*HK$'000*
Borrowings *(note (i))*	**6,498**	16,000
Amounts due to related parties *(note (i))*	**5,700**	7,200
Bank Overdrafts	**485**	–
Cash and cash equivalents	**(34,779)**	(11,053)
Net (cash)/debt	**(22,096)**	12,147
Total equity *(note (ii))*	**419,903**	479,967
Net debt to equity ratio	**N/A**	2.53%

Notes:

(i) Amounts due to related parties, borrowings and pledged bank deposit are detailed in notes 32(b), 27 and note 23, respectively.

(ii) Total equity includes all capital, reserves and non-controlling interests at the end of the reporting period.

Neither the Company nor any of its subsidiaries are subject to any externally imposed capital requirements.

35. Financial risk management and fair value of financial instruments *(Continued)*

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the carrying value of the Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis, categorised into the three levels of the fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level in which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets and liabilities at the measurement date.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

	Fair value measurement categorised into Level 1	
	2019	2018
	HK$'000	*HK$'000*
Recurring fair value measurement		
Financial assets designated at FVTOCI		
– Listed equity securities	**–**	6,552
Financial assets at FVTPL		
– Listed equity securities	**3,517**	768
	3,517	7,320

The fair value of financial instruments traded in active markets is based on quoted market price at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those price represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily trading securities, financial assets designated at FVTOCI with quoted market prices, the Group use the closing price at the reporting date.

During the years ended 31 March 2019 and 2018, there were no transfers between Level 1 and Level 2. There were no transfers into or out of Level 3 fair value measurements during the year ended 31 March 2019 and 2018. The Group's policy is to recognise transfers into and transfer out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

During the year ended 31 March 2019 and 2018, no fair value measurements are in Level 3.

(ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 March 2019 and 2018.

36. Statement of financial position of the Company

Statement of financial position of the Company at the end of the reporting period is as follows:-

	2019	2018
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**7**	–
Investment in a subsidiary	**1,097**	1,097
Financial assets designated at fair value through other comprehensive income	**–**	6,552
Amounts due from subsidiaries	**17,686**	–
	18,790	7,649
Current assets		
Prepayments, deposits and other receivables	**130**	118
Financial assets at fair value through profit or loss	**3,517**	768
Amounts due from subsidiaries	**392,234**	461,213
Cash and cash equivalents	**3,703**	246
	399,584	462,345
LIABILITIES		
Current liabilities		
Other payables	**832**	602
Tax payable	**806**	806
	1,638	1,408
Net current assets	**397,946**	460,937
Net assets	**416,736**	468,586
EQUITY		
Equity attributable to owners of the Company		
Share capital	**2,189**	2,189
Reserves	**414,547**	466,397
Total equity	**416,736**	468,586

36. Statement of financial position of the Company *(Continued)*

Notes:

(i) Investment in a subsidiary

	2019	2018
	HK$'000	*HK$'000*
Investment in a subsidiary	**1,097**	1,097

The directors of the Company are of opinion that none of the Group's subsidiaries that have non-controlling interests are material to the consolidated financial statements as a whole.

(ii) Particulars of the principal subsidiaries of the Company at 31 March 2019 and 2018 are set out in note 37.

(iii) Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital	**Share premium**	**Capital redemption reserve**	**Investment revaluation reserve**	**Contributed surplus**	**Retained earnings/ (accumulated losses)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 30(b))	*(note 30(c)(i))*	*(note 30(c)(ii))*	*(note 30(c)(iv))*	*(note 30(c)(v))*		
Balance at 1 April 2017	2,201	353,907	191	(14,511)	145,926	783	488,497
Loss for the year	–	–	–	–	–	(17,117)	(17,117)
Other comprehensive loss:							
Changes in fair value of financial assets designated at fair value through other comprehensive income	–	–	–	(1,809)	–	–	(1,809)
Total comprehensive loss for the year	–	–	–	(1,809)	–	(17,117)	(18,926)
Transactions with owners:							
Buy-back of shares							
– Purchase of shares	–	(794)	(191)	–	–	–	(985)
– Cancellation of shares	(12)	12	–	–	–	–	–
Total transaction with owners of the company	(12)	(782)	(191)	–	–	–	(985)
Balance at 31 March 2018 and 1 April 2018	**2,189**	**353,125**	**–**	**(16,320)**	**145,926**	**(16,334)**	**468,586**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(42,524)**	**(42,524)**
Other comprehensive income:							
Changes in fair value of financial assets designated at fair value through other comprehensive income	**–**	**–**	**–**	**(9,326)**	**–**	**–**	**(9,326)**
Transfer of revaluation reserves to accumulated losses upon disposal of equity instrument designated at FVTOCI	**–**	**–**	**–**	**25,646**	**–**	**(25,646)**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**16,320**	**–**	**(68,170)**	**(51,850)**
Balance at 31 March 2019	**2,189**	**353,125**	**–**	**–**	**145,926**	**(84,504)**	**416,736**

37. General information of subsidiaries

Details of the principal subsidiaries held by the Company directly and indirectly as at 31 March 2019 and 2018 are as follows:

Name of subsidiaries	Place of incorporation and kind of legal entity	Class of shares held	Paid up issued/ registered capital	Group's effective interest	Proportion of ownership interest Directly	Proportion of ownership interest Indirectly	Principal activities and place of operations
Basic Wholesale Limited	Hong Kong, limited liability company	Ordinary	2019: N/A (2018: HK$15,000)	2019: N/A (2018: 80%)	–	2019: N/A (2018: 80%)	Wholesale of grocery products, Hong Kong
Bright Zone Corporation Limited	Hong Kong, limited liability company	Ordinary	2019: HK$90 (2018: HK$90)	2019: 100% (2018: 100%)	–	2019: 100% (2018: 100%)	Sales of grocery products, Hong Kong
Cool Cool F & B Holding Limited	Hong Kong, limited liability company	Ordinary	2019: HK$30,000,000 (2018: HK$30,000,000)	2019: 100% (2018: 100%)	–	2019: 100% (2018: 100%)	Wholesale of frozen food, Hong Kong
Cool Cool Trading (International) Limited	Hong Kong, limited liability company	Ordinary	2019: HK$1 (2018: HK$1)	2019: 100% (2018: 100%)	–	2019: 100% (2018: 100%)	Sales of frozen food, Hong Kong
Dragon Motion Limited	Hong Kong, limited liability company	Ordinary	2019: HK$100 (2018: HK$100)	2019: 100% (2018:100%)	–	2019: 100% (2018: 100%)	Provision of online advertising services and video filming, Hong Kong
King of Catering (Investment) Limited	Hong Kong, limited liability company	Ordinary	2019: HK$10 (2018: HK$10)	2019: 60% (2018: 60%)	–	2019: 60% (2018: 60%)	Trading of cash coupons, Hong Kong
Local Food Production Limited	Hong Kong, limited liability company	Ordinary	2019: HK$100 (2018: HK$100)	2019: 100% (2018: 100%)	–	2019: 100% (2018: 100%)	Sales of processed food, Hong Kong
Yvonne Credit Service Co., Limited	Hong Kong, limited liability company	Ordinary	2019: HK$10,000 (2018: HK$10,000)	2019: 100% (2018: 100%)	–	2019: 100% (2018: 100%)	Provision of money lending business, Hong Kong

Note:

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

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