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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8098

2019 Annual Report

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

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

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

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

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CORPORATE INFORMATION

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

Independent Non-executive Directors
Mr. Chiu Wai Keung
Mr. Poon Wing Chuen
Mr. Wang Rongqian

AUTHORISED REPRESENTATIVES
Mr. Lau Kin Hon
Mr. Wong Chin Ming

AUDIT COMMITTEE MEMBERS
Mr. Poon Wing Chuen *(Chairman)*
Mr. Chiu Wai Keung
Mr. Wang Rongqian

NOMINATION COMMITTEE MEMBERS
Mr. Chiu Wai Keung *(Chairman)*
Mr. Kwok Kin Chung
Mr. Poon Wing Chuen

REMUNERATION COMMITTEE MEMBERS
Mr. Wang Rongqian *(Chairman)*
Mr. Lau Kin Hon
Mr. Poon Wing Chuen

COMPLIANCE OFFICER
Lau Kin Hon, *Practicing solicitor in Hong Kong*

COMPANY SECRETARY
Wong Chin Ming *FCCA, CPA*

AUDITOR
HLM CPA Limited
Certified Public Accountants

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

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Room 16B, 16/F
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Codan Trust Company (Cayman) Limited
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P.O. Box 2681
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
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Hong Kong

PRINCIPAL BANKERS
Bank of Communications
China Construction Bank (Asia)
Dah Sing Bank
Industrial and Commercial Bank of China
OCBC Wing Hang Bank
Standard Chartered Bank

STOCK CODE
8098

WEBSITE OF THE COMPANY
www.cheongleesec.com.hk

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dear Shareholders,

I am pleased to present to all shareholders the annual results of CL Group (Holdings) Limited (the "Company"), with its subsidiaries, (the "Group") for the year of 2018/19.

During the year under review, the Hang Seng Index recorded at approximately 29,051 representing approximately 3.5% decrease as compared with the previous year. The performance of Hong Kong financial market was affected by China-US trade negotiations and raising interest rate. It is a challenging year to the investors.

During the reporting period, the Group recorded total revenue and investment income of approximately HK$50.3 million, representing a decrease of approximately 5.5% compared to the previous financial year. Profit attributable to the owners of the Company in the financial year of 2018/19 amounted to approximately HK$12.5 million, representing a decrease of approximately 24.0%. The Group continuously maintained a balanced investment portfolio by holding a variety of stable income investments such as income rights from a photovoltaic power plant, located in the People's Republic of China (the "PRC"). During the year under review, the Group received an amount of approximately RMB2.0 million, thereby improving its portfolio position. As of March 31, 2019, the value of the Group's investment portfolio was approximately HK$58.8 million as compared to the previous financial year of approximately HK$67.3 million.

Our diversified revenue streams encompass both interest income (accounting for 66.3% of revenue) and non-interest income in the form of commissions, fees and other revenues. Despite uncertainties over economic growth, the Group is continuously focusing its efforts by expanding its business by broadening the customer base and strengthening our trading platform. In addition to delivering sustained income and balanced growth, the Group is also committed to the community by fulfilling its social responsibilities.

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

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

Moreover, I would also like to thank all staff for their tremendous effort and contribution. With a focused senior management and professional team, I believe the Group will succeed in achieving our business goals.

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 24 June 2019

MARKET REVIEW

For the year ended 31 March 2019, the three major indexes of United States had good performance. Global financial market became complex and rapidly changing. In Hong Kong, the Hang Seng Index recorded at approximately 29,051 representing approximately 3.5% decrease as compared with approximately 30,093 as at 31 March 2018. But the Hang Seng Index had rebound in the first quarter of 2019. The performance of Hong Kong financial market was affected by China-US trade negotiations and raising interest rate during the reporting period.

BUSINESS REVIEW

Revenue

The Group's total revenue and investment income for the year was approximately HK$50.3 million, as compared with approximately HK$53.2 million in 2018, representing a decrease by approximately 5.5% or approximately HK$2.9 million. The breakdown of revenue and investment income by business activities of the Group is set out below:

	Year ended 31 March 2019 *HK$*	**%**	Year ended 31 March 2018 *HK$*	*%*	**Increase/ (decrease) %**
Revenue					
Commission and brokerage fees from securities dealings on the Stock Exchange	**9,286,317**	**19.3**	9,953,071	19.5	(6.7)
Placing and underwriting commission	**12,950**	**0.0**	280,000	0.5	(95.4)
Commission and brokerage fees from dealing in futures contracts	**618,681**	**1.3**	299,432	0.6	106.6
Commission from securities advisory services	**60,000**	**0.1**	2,300,000	4.5	(97.4)
Other service income	**1,684**	**0.0**	21,780	0.1	(92.3)
Clearing and settlement fee	**3,466,241**	**7.2**	2,889,995	5.7	19.9
Handling service and dividend collection fees	**106,981**	**0.2**	157,087	0.3	(31.9)
Interest income from					
— clients (including margin clients)	**31,319,620**	**65.1**	28,704,899	56.3	9.1
— authorised financial institutions	**303,130**	**0.6**	166,908	0.3	81.6
— others	**605,786**	**1.3**	3,525,642	6.9	(82.8)
Income derived from:					
— Income right	**2,326,646**	**4.8**	2,367,377	4.7	(1.7)
— Film right	**33,110**	**0.1**	39,600	0.1	(16.4)
Market data subscription income	**0**	**0.0**	266,862	0.5	(100.0)
	48,141,146	**100.0**	50,972,653	100.0	(5.6)
Net gain on trading of financial assets at fair value through profit or loss	**2,134,645**	**99.2**	2,021,351	89.4	5.6
Net change in fair value of financial assets at fair value through profit or loss	**17,541**	**0.8**	240,491	10.6	(92.7)
	2,152,186	**100.0**	2,261,842	100.0	(4.8)
	50,293,332		53,234,495		(5.5)

Securities and Futures Brokerage

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

The commission and brokerage fee from securities dealing decreased by approximately 6.7% from approximately HK$10.0 million for the year ended 31 March 2018 to approximately HK$9.3 million for the year ended 31 March 2019.

The total value of transactions increased by approximately 24.3% from approximately HK$124,978.8 million for the year ended 31 March 2018 to approximately HK$155,399.9 million for the year ended 31 March 2019. The total value of transactions for securities dealings carried out by the Group for the year ended 31 March 2019 increased as compared with 2018. As a result, income relating to clearing and settlement fees and handling services also increased by approximately 17.3% from approximately HK$3.0 million for the year ended 31 March 2018 to approximately HK$3.6 million for the year ended 31 March 2019.

The commission and brokerage fees from dealing in futures contracts increased by approximately 106.6% from HK$0.3 million for the year ended 31 March 2018 to approximately HK$0.6 million for the year ended 31 March 2019.

The interest income derived from cash and margin securities accounts for the year ended 31 March 2019 was approximately HK$10.1 million represents a decrease of approximately 13.3% from that of the year ended 31 March 2018 amounting approximately HK$11.7 million.

The other service income decreased by approximately 92.3% from approximately HK$21,000 for the year ended 31 March 2018 to approximately HK$2,000 for the year ended 31 March 2019.

Loan and Financing

The Group holds Money Lenders Licence to engage in money lending business for providing loan and financing to customers. During the reporting period, CLC Finance Limited, the Company's wholly-owned subsidiary, provides loan and financing service to customers. The interest income derived from providing loan and finance to customers for the year ended 31 March 2019 was approximately HK$21.2 million (2018: approximately HK$17.0 million).

Securities Advisory Service

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

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

Commission income derived from securities advisory services for year ended 31 March 2019 was HK$60,000 (2018: HK$2.3 million).

Placing and Underwriting Business

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

During the year ended 31 March 2019, the placing and underwriting commission decreased by approximately 95.4% from approximately HK$280,000 for the year ended 31 March 2018 to approximately HK$13,000 for the year ended 31 March 2019.

Investment Holding

The Group maintained a portfolio investments included the holding of listed equity securities, bonds, income right and film right. During the year under review, the Group received annual return (net of PRC tax) of RMB2,004,000 from an income right of the photovoltaic power plant at the rooftop of a factory located at Hunan Province, the PRC. The total value of the Group investment portfolio was approximately HK$58.8 million (2018: approximately HK$67.3 million). As at 31 March 2019, the value of portfolio of listed equity securities was approximately HK$33.5 million (2018: approximately HK$38.6 million). This business segment has recorded revenue of approximately HK$3.0 million (2018: approximately HK$6.0 million). Net gain on trading of financial assets at fair value through profit or loss of approximately HK$2.1 million (2018: approximately HK$2.0 million) and net fair value gain of financial assets at fair value through profit or loss of approximately HK$18,000 (2018: net fair value gain of approximately HK$0.2 million).

Administrative Expenses

During the year ended 31 March 2019, the administrative expenses decreased by approximately 1.9% from approximately HK$24.3 million for the year ended 31 March 2018 to approximately HK$23.8 million for the year ended 31 March 2019.

Liquidity, Financial Resources and Capital Structure

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

The Group maintained approximately HK$21.0 million of bank deposit, bank balances and cash in general accounts as at 31 March 2019. This represented a decrease of approximately 30.1% as compared with the position as at 31 March 2018 of approximately HK$30.1 million. Most of the Group's cash and bank balances in general accounts were denominated in HK dollars.

The net current assets of the Group decreased from approximately HK$224.9 million as at 31 March 2018 to approximately HK$223.6 million as at 31 March 2019 which represents a decrease of approximately 0.6%. The current ratio of the Group as at 31 March 2019 was approximately 2.4 times (2018: approximately 3.5 times).

As at 31 March 2019, the Group had available banking facilities of HK$49.5 million and the Group had utilised HK$2.0 million of banking facilities (2018: nil).

The gearing ratio is calculated as total indebtedness divided by total capital. Total indebtedness is total bank borrowings (including current and non-current bank borrowings). Total capital is calculated as "equity", as shown in the consolidated statement of financial position. At the end of the reporting period, the Group's gearing ratio is 0.8% (2018: nil).

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

Charge on Group Assets and Guarantee

As at 31 March 2019, certain bank deposits of the Group's subsidiaries in the aggregate amount of HK$10.0 million (2018: HK$5.0 million) were pledged and corporate guarantee from the Company for securing overdraft and revolving loan facilities amounted to HK$49.5 million (2018: HK$29.5 million) issued by the banks to the Group. As at 31 March 2019, the banking facilities granted by the banks, HK$2 million has been utilised (2018: nil).

Contingent liabilities

As at 31 March 2019, the Group had no material contingent liabilities (2018: nil).

Capital commitments

As at 31 March 2019, the Group had no capital commitments, contracted but not provided in the consolidated financial statements (2018: nil).

Staff and remuneration policies

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

Total staff costs (including Directors' emoluments) were approximately HK$6.8 million for the year ended 31 March 2019 as compared to approximately HK$6.9 million for the year ended 31 March 2018.

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

Future plans for material investments or capital assets

As at 31 March 2019, the Group had no plans for material investments or acquisition of capital assets, but will actively pursue opportunities for investments to enhance the profitability of the Group in its ordinary course of business.

Material Acquisitions of subsidiaries and affiliated companies

The Group has not made any material acquisitions and disposal of subsidiaries and associated companies. As at 31 March 2019 and up to the date of this annual report, the Group did not hold any significant investment.

Significant Investment

As at 31 March 2019, there was no significant investment held by the Group.

Foreign exchange exposure

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

RISK MANAGEMENT

Credit Risk

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

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

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

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

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

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

Liquidity Risk

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

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

Foreign Exchange Risk

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

OUTLOOK

The U.S. stock market and Hong Kong stock market both had good performance in the first quarter of 2019. But the persistence of uncertainties in China-US trade negotiations will be the main risk to the global stock market. The Group considers that the outlook of Hong Kong financial market will still remain volatile. The Group will leverage the knowledge and experience of our management team to seize opportunities as they arise. The Group will continue to grow its brokerage business and placing and underwriting business by broadening clients base and by strengthening our trading platform. The Group will continue to put efforts on expanding the margin and loan financing business and securities advisory service and on satisfying the needs of our customers.

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

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 18.44 of the GEM Listing Rules, the Board is pleased to present this corporate governance report for the year ended 31 March 2019. This report highlights the key corporate governance practices of the Company.

CORPORATE GOVERNANCE PRACTICES

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

Throughout the year ended 31 March 2019, the Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules, expect for the following deviation:

Under CG Code Provision A2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between chairman and chief executive should be clearly established and set out in writing.

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, the appropriate time, arrange for the election of the new chairman of the Board.

Under CG Code Provision E.1.2, the chairman of the Board did not attend the annual general meeting held on 3 August 2018 due to the fact that he had other business commitments. Another executive Director, Mr. Kwok Kin Chung was elected to chair the annual general meeting.

CORPORATE GOVERNANCE STRUCTURE

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company had made specific enquiry to all the Directors and the Directors have confirmed compliance with this code of conduct throughout the financial year ended 31 March 2019. No incident of non-compliance was noted by the Company during this period.

BOARD OF DIRECTORS

During the year and up to the date of this report, the board comprises the following members:

Non-executive Director

Mr. Alexis Ventouras *(Chairman) (retired on 3 August 2018)*

Executive Directors

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

Independent non-executive Directors

Mr. Au-Yeung Tai Hong Rorce *(resigned on 2 October 2018)*
Mr. Chiu Wai Keung
Mr. Poon Wing Chuen
Mr. Wang Rongqian *(appointed on 2 October 2018)*

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

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

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

Generally, the responsibilities of the Board include:

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

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

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

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

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

DIRECTORS' ATTENDANCE RECORD AT MEETINGS

The Board meets regularly over the Company's affairs and operations. Details of the attendance of each member of the Board at the meetings of the Board and the general meetings during the year ended 31 March 2019 are as follows:

	Attendance/ Number of meeting	
Name of Directors	**Board meetings**	**General meeting**
Non-Executive Director		
Mr. Alexis Ventouras *(Chairman) (retired on 3 August 2018)*	1/1	0/1
Executive Directors		
Mr. Kwok Kin Chung *(Chief Executive Officer)*	8/8	1/1
Mr. Lau Kin Hon	8/8	1/1
Ms. Yu Linda	8/8	1/1
Independent non-executive Directors		
Mr. Au-Yeung Tai Hong Rorce *(resigned on 2 October 2018)*	2/3	1/1
Mr. Chiu Wai Keung	8/8	1/1
Mr. Poon Wing Chuen	8/8	1/1
Mr. Wang Rongqian *(appointed on 2 October 2018)*	5/5	N/A

TRAINING AND SUPPORT OF DIRECTORS

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The Group currently has no chairman. The daily operation and management of the Group is monitored by CEO and executive Directors.

The Board is of the view that although there is no chairman, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Group. This arrangement can still enable the Group to make and implement decisions promptly, and thus achieve the Group's objectives efficiently and effectively in response to the changing environment.

The Group will, the appropriate time, arrange for the election of the new chairman of the Board.

NON-EXECUTIVE DIRECTORS

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

REMUNERATION COMMITTEE

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

The Remuneration Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Wang Rongqian, Mr. Lau Kin Hon and Mr. Poon Wing Chuen and is chaired by Mr. Wang Rongqian.

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

For the year ended 31 March 2019, the Remuneration Committee held 2 meetings to review and discuss remuneration matters of the Group. The individual attendance of the Committee members is set out below:

Name of committee member	**Number of meetings held**	**Number of meetings attended**
Mr. Wang Rongqian *(Chairman) (appointed on 2 October 2018)*	1	1
Mr. Au-Yeung Tai Hong Rorce *(Chairman) (resigned on 2 October 2018)*	0	1
Mr. Lau Kin Hon	2	2
Mr. Poon Wing Chuen	2	2

NOMINATION COMMITTEE

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

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

The Nomination Committee adopted the "Board Diversity Policy" in relation to the nomination and appointment of new directors. The Nomination Committee selects board candidates based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

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

For the year ended 31 March 2019, the Nomination Committee held 1 meeting to review and discuss nomination matters of the Group. The individual attendance of the Committee members is set out below:

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

AUDIT COMMITTEE

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

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

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

For the year ended 31 March 2019, the Committee met on 4 occasions and up to the date of this annual report, the Audit Committee has reviewed the consolidated financial statements, including the accounting principles and practices adopted by the Group, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. The Audit Committee has also discussed with the Group's independent auditor and considers the system of the internal control of the Group to be effective and that the Group had adopted the necessary control mechanisms to its financial, operational, statutory compliance and risk management functions. The individual attendance of the Committee members is set out below:

Name of committee member	Number of meetings held	Number of meetings attended
Mr. Poon Wing Chuen *(Chairman)*	4	4
Mr. Au Yeung Tai Hong Rorce *(resigned on 2 October 2018)*	1	1
Mr. Chiu Wai Keung	4	4
Mr. Wang Rongqian *(appointed on 2 October 2018)*	3	3

DIVIDEND POLICY

Pursuant to code provision E.1.5 of the CG Code, the Company has adopted a dividend policy ("Dividend Policy"). Subject to the Companies Act of the Cayman Islands and the memorandum and articles of association of the Company, the Company may from time to time declare dividends in any currency to be paid to the members of the Company but no dividend shall be declared in excess of the amount recommended by the Board. The Board may also from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits of the Company. Declaration of dividends is subject to the discretion of the Board, taking into consideration of, among others, (i) the Group's financial performance; (ii) the Group's capital requirements and debt level; (iii) the Group's liquidity position; (iv) retained earnings and distributable reserves of the Group; (v) the Group's business operations, business strategies and future development needs; (vi) any contractual, statutory and regulatory restrictions; and (vii) the general economic conditions and other factors that may have an impact on the performance and position of the Group. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary.

AUDITOR'S REMUNERATION

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

For the financial year ended 31 March 2019, the remuneration paid/payable to the auditor of the Group is set out as follows:

Services rendered	Paid/payable *HK$*
Statutory audit services	618,000

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has engaged external professionals to conduct independent internal control review for the year ended 31 March 2019. The review will cover parts of the system including financial, operational, compliance control and risk management functions. The Board will continue to assess the effectiveness of internal controls by considering the reviews conducted by the external professionals. The Board reviews the adequacy and effectiveness of the Company's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "risk management and internal controls").

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

INTERNAL AUDIT

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

DIRECTORS AND OFFICERS INSURANCE

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

DIRECTORS RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The statement of the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 29 to 33 of this annual report.

COMPANY SECRETARY

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

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

INVESTORS RELATIONS

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

SHAREHOLDERS' RIGHTS

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

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

The Group is delighted to publish its annual Environmental, Social and Governance ("ESG") report for the year ended 31 March 2019, presenting our continuous commitment to corporate social responsibility. This Report is prepared in accordance with ESG Reporting Guide set out by Appendix 20 of the GEM Listing Rules and has complied with the "comply or explain" provisions. Unless otherwise stated, this Report covers the period from 1 April 2018 to 31 March 2019 ("Reporting Period"). It includes disclosure of significant environmental and social impacts of our operation in Hong Kong.

SCOPE OF REPORTING

This ESG report covers the Group's overall performance of our core business segments in relation to securities, futures and options broking and trading, margin and loan financing services, placing and underwriting services, securities advisory service, and investment holding. The ESG data that the Group has direct access to and is under the Group's direct operational control has been included in this report. Certain key performance indicators ("KPIs") which is considered as material by the Group during the Reporting Period are disclosed in the ESG report. The Group will continue to optimize and improve the disclosure of KPIs. Based on management assessment, we summarize the various issues as described in the ESG Reporting Guide, and the list of issues that are material and relevant to the Group are set out as follows:

A. Environmental

Aspect A1 Emissions

Aspect A2 Use of Resources

Aspect A3 Environment and Natural Resources

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

During the Reporting Period for 2019 and 2018, the greenhouse gas ("GHG") emission from the operation is set out below:

GHG Emission

	2019	2018
Type of GHG emissions	**Equivalent CO_2 emission (kg)**	Equivalent CO_2 emission (kg)
Scope 1 Direct emissions	**Nil**	Nil
Scope 2 Indirect emission	**76,496.49**	78,426.46
Total	**76,496.49**	78,426.46
Intensity	**207.40 kg/m^2**	212.64 kg/m^2

Note:

The calculation of the greenhouse gas is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from the vehicles that is owned by the Group

Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group

Scope 3: Other indirect emission is optional disclosure that the corresponding emission is not controlled by the Group

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

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

Energy consumption by the Group during the Reporting Period for 2019 and 2018 is set out below:

Energy Consumption

	2019	2018
Type of energy	**Energy consumed (kWh)**	Energy consumed (kWh)
Purchased electricity	**96,831.00**	99,274.00
Energy intensity	**262.54 kWh/m^2**	269.16 kWh/m^2

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

During the Reporting Period, the group generated/consumed no significant non-hazardous waste, water and packaging materials due to its business nature. The total amount of recycled paper disposed at landfills for 2019 is 12 kg (2018: 16 kg).

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

During the Reporting Period, the Group is not noted any material violation in all applicable environmental laws and regulations in Hong Kong.

B. Social

Aspect B1 Employment

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

During the Reporting Period, the Group is not noted any material violation in all applicable laws and regulations related to employment in Hong Kong.

Aspect B2 Health and Safety

The Group adhere to the Occupational Safety and Health Ordinance Cap. 509. We strives to provide and maintain a safe, healthy and hygienic workplace for our employees and protect them from occupational hazards. The Group sponsors various company teams for community service. Sports teams include soccer. During the Reporting Period, there were no non-compliance cases noted in relation to laws and regulations for health and safety.

Aspect B3 Development and Training

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

Aspect B4 Labour Standards

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

Aspect B5 Supply Chain Management

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

Aspect B6 Product Responsibility

The Group strives to providing customers with quality services. We actively improve the quality of our services to secure new customers and strengthen relationship with existing customers. During the Reporting Period, there were no cases of non-compliance with the relevant laws or regulations. We value data privacy and protection for intellectual property rights and incorporates physical, electronic and managerial measures to safeguard customers' data privacy.

Aspect B7 Anti-corruption

The Group implemented the policy that the Compliance Department will continually review the whole operations to prevent or detect fraudulence. All staff are be awareness that they are subject to the Provisions of the Prevention of Bribery Ordinance. In addition to the code of conduct on anti-money laundering mentioned in the operation manual and the employees are encouraged to direct access to the top management whenever irregularities or fraudulent activities are suspected. Ongoing review of the effectiveness of the internal control systems is conducted on a regular basis in preventing the occurrence of corruption activities. During the Reporting Period, there were no non-compliance cases noted in relation to the corruption related laws and regulations.

Aspect B8 Community Investment

The Group cares about the interest of the communities and people that we serve. In the course of our business development, we endeavour to perform social responsibilities and promote positive energy. During the Reporting Period, the Group had supported activities organised by charitable organization with approximately HK$8,000 for in order to serve with care and concern for the underprivileged (2018: HK$140,000).

BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. KWOK Kin Chung, aged 44, is the Chief Executive Officer and Executive Director of the Company. He also holds directorship in certain subsidiaries of the Company. Mr. Kwok obtained a Master degree in Finance in 2006 from Curtin University of Technology of Australia and a professional diploma in Corporate Finance from The Hong Kong Management Association. Mr. Kwok is responsible for managing daily operations and supervising dealing staff. He joined the Group in July 2010. Mr. Kwok has over 18 years of experience in securities and derivatives dealing.

Mr. LAU Kin Hon, aged 51, is an Executive Director of the Company. He also holds directorship in certain subsidiaries of the company. Mr. Lau is a practicing solicitor in Hong Kong. Mr. Lau obtained a bachelor of laws degree with honours from University College, London, U.K. and has been practicing law in Hong Kong for over 25 years. Mr. Lau is responsible for managing the compliance function of the Group and the provision of advice to the Group on legal and regulatory compliance matters. He joined the Group in January 2008. He is currently an Independent Non-executive Director of Mingfa Group (International) Company Limited (stock code: 846), which is listed on the Stock Exchange.

Ms. YU Linda, aged 46, is an Executive Director of the Company. She also holds directorship in certain subsidiaries of the company. Ms. Yu is responsible for the Company's business development, marketing, maintenance of clients' relations and such other matters as the Board shall from time to time direct. She joined the Group in October 2007. Ms. Yu has over 21 years of experience in the securities industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHIU Wai Keung, aged 59, is an Independent Non-executive Director appointed on 15 August 2011. He obtained a Higher Certificate of Electronic Engineering from The Hong Kong Polytechnic University. Mr. Chiu currently is the Investment Director of a private equity management company.

Mr. POON Wing Chuen, aged 53, is an Independent Non-executive Director appointed on 30 June 2015. He is currently the Chief Financial Officer of a real estate development company listed on the Stock Exchange. Mr. Poon has over 25 years of experience in accounting and financial management. Mr. Poon obtained a professional diploma in accountancy from City University of Hong Kong. He is a fellow member of Association of Chartered Certified Accountants. In the three years preceding the Latest Practicable Date, Mr. Poon did not hold any directorship in any other listed companies.

Mr. Wang Rongqian, aged 38, is an Independent Non-executive Director appointed on 2 October 2018. Mr. Wang holds a Master degree in corporate and financial laws from the University of Hong Kong. Mr. Wang has extensive experience in the areas of project management, corporate finance, commercial trade and compliance. Mr. Wang is currently the executive director of Code Agriculture (Holdings) Limited (stock code: 8153).

REPORT OF DIRECTORS

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

PRINCIPAL ACTIVITIES

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

SEGMENT INFORMATION

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2019 and the state of the affairs of the Group at that date are set out in the consolidated financial statements on pages 34 to 105.

The Directors proposed to declare a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2019, which will be subject to approval by our Shareholders at the forthcoming annual general meeting ("AGM") of our Company to be held on 6 August 2019. If approved, in order to determine Shareholders who are qualified for the proposed final dividend, the Register will be closed on 12 August 2019, and the proposed final dividend is expected to be made on Monday, 19 August 2019.

PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31 March 2019 are set out in note 39 to the consolidated financial statements.

PLANT AND EQUIPMENT

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

BORROWINGS

Particulars of bank loans of the Group are set out is note 28 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in consolidated statement of changes in equity on page 36 and note 31b to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 March 2019, the Group's reserve available for distribution, calculated in accordance with the Companies Law of Cayman Islands, amounted to approximately HK$207.0 million. This includes the Company's share premium in the amount of approximately HK$130.9 million at 31 March 2019, which may be distributable provided that immediately follow the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

DONATION

The Group did not make any donation for charitable purpose during the year.

SHARE CAPITAL

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

SUMMARY OF FIVE YEAR FINANCIAL INFORMATION

A summary of the results and of the assets and liabilities of the Group for last five financial years is set out on page 106.

MAJOR CUSTOMERS AND SUPPLIERS

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

—	the largest customer	11.8%
—	five largest customers combined	44.7%

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

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

DIRECTORS

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

Mr. Alexis Ventouras *(Chairman) (retired on 3 August 2018)*
Mr. Kwok Kin Chung *(Chief Executive Officer)*
Mr. Lau Kin Hon
Ms. Yu Linda
Mr. Au Yeung Tai Hong Rorce* *(resigned on 2 October 2018)*
Mr. Chiu Wai Keung*
Mr. Poon Wing Chuen*
Mr. Wang Rongqian* *(appointed on 2 October 2018)*

* *Independent Non-executive Director*

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

BIOGRAPHICAL DETAILS OF DIRECTORS

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

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

As at 31 March 2019, save for the interest of the directors in share options as below, neither of the Directors nor the Chief Executive of the Company had interests and short positions in the shares of the Company ("Shares"), underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO") which (i) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under Section 352 of the SFO, or (iii) have to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules.

LONG POSITION IN SHARES, UNDERLYING SHARES OF THE COMPANY

Share Option

As at 31 March 2019, details of the share options granted under the Share Option Scheme are as follows:

		Options to Subscribe for Shares of the Company							
Director	Date of grant (dd/mm/yyyy)	Outstanding as at 1 April 2018	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 March 2019	Option exercise Period (dd/mm/yyyy)	Exercise price per share#	Approximate percentage of shareholding
Kwok Kin Chung	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Yu Linda	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Lau Kin Hon	09/04/2014	20,000,000	—	—	—	20,000,000	09/04/2014 to 08/04/2023	HK$0.2275	0.91%
Total		60,000,000	—	—	—	60,000,000			2.73%

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

note:

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

Save as disclosed above, none of the Directors or the Chief Executives of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations at 31 March 2019.

DIRECTORS' SERVICE CONTRACTS

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

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

As at 31 March 2019, none of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

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

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

EMOLUMENT POLICY

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

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

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE OPTION

The Company has a share option schemes namely, the share option scheme (the "Share Option Scheme") which was adopted on 22 February 2011.

Share Option Scheme

The Company adopted the Share Option Scheme on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years, the remaining life of the Share Option Scheme is 2 years. It is established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

As at 31 March 2019, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 5% of the total number of shares of the Company as at 31 March 2019.

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

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

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

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

The total number of shares in respect of which share options granted under the Share Option Scheme as at 31 March 2019 and not yet exercised was 100,000,000 which represented approximately 4.55% of the issued share capital of the Company as at 31 March 2019.

As at 31 March 2019, details of the share options granted under the Share Option Scheme are as follows:

					Changes during the year			
Granted	**Date of Grant** *(dd/mm/yyyy)*	**Exercise price per share** *HK$*	**Exercisable period** *(dd/mm/yyyy)*	**Balance as at 1 April 2018**	**Granted**	**Exercised**	**Cancelled/ lapsed**	**Balance as at 31 March 2019**
Kwok Kin Chung, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Yu Linda, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
			Sub-total	60,000,000	—	—	—	60,000,000
Employees and Other Participants	09/04/2014	0.2275	09/04/2014 — 08/04/2023	40,000,000	—	—	—	40,000,000
			Total	100,000,000	—	—	—	100,000,000
Weighted average exercise price				0.2275	—	—	—	0.2275

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

As at 31 March 2019, according to the register of interests kept by the Company under Section 336 of the SFO, the following parties (in addition to those disclosed above in respect of the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Long position in shares of the Company

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

note:

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

Save as disclosed above, as at 31 March 2019, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which were interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or any persons (not being a Director) have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions in Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

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

RETIREMENT BENEFIT SCHEME

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

ENVIRONMENTAL POLICY

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

TAX RELIEF

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

PERMITTED INDEMNITY PROVISION

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

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Non-exempt One-off Connected Transactions

For the year ended 31 March 2019, the Company has not entered into any non-exempt one-off connected transactions which were subject to the reporting, annual review, announcement and/or independent shareholders' approval requirements under the GEM Listing Rules.

Non-exempt Continuing Connected Transactions

For the year ended 31 March 2019, the Company has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of GEM Listing Rules.

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

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties (as defined under the GEM Listing Rules); and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 March 2019, the Directors are not aware of any business or interest of the Directors, the controlling shareholder(s) of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

NON-COMPETITION UNDERTAKING

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

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

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

The consolidated financial statements for the year ended 31 March 2019 were audited by HLM CPA Limited who will retire and, being eligible, offer themselves for re-appointment. A resolution will be submitted at the forthcoming annual general meeting of the Company to re-appoint HLM CPA Limited as independent auditor of the Company.

On behalf of the board

Kwok Kin Chung
Chief Executive Officer

Hong Kong, 24 June 2019

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

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TO THE MEMBERS OF CL GROUP (HOLDINGS) LIMITED
昌利(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of CL Group (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 105, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Impairment assessment of trade and loans receivables

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

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

KEY AUDIT MATTERS (Continued)

Impairment assessment of trade and loans receivables (Continued)

How the matter was addressed in our audit

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

— assessing the design, implementation and operating effectiveness of key internal controls relating to the approval, recording and monitoring of loans and advances to customers and collateral shortfalls and the measurement of impairment allowances for trade and loans receivables;

— comparing the total balance of the loans report, which contains information of loan balances and the value of collaterals used by management for the measurement of impairment allowances, with the general ledger and comparing individual loan information, on a sample basis, with underlying documentation of loans to customers;

— evaluating, on a sample basis, management's assessment of impairment allowances by comparing the valuation of collaterals held as recorded in the loans report to available data and comparing management's assessment of impairment allowances to historical losses;

— verifying the balances of trade receivables by obtaining confirmations on a sample basis; and

— assessing, on a sample basis, recoverability of the outstanding receivables through our discussion with management and with reference to the credit profile of customers (including secured and unsecured loans), available data, information and the latest correspondence with customers and checking subsequent settlements.

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

Revenue recognition

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

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

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

How the matter was addressed in our audit

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

— assessing the design, implementation and operating effectiveness of key internal controls relating to revenue recognition, including brokerage business transactions, deal approval, invoicing and journal entry approval;

— comparing details of journal entries raised during the current year which affected revenue from the brokerage business with underlying documentation on a sample basis;

KEY AUDIT MATTERS (Continued)

How the matter was addressed in our audit (Continued)

— performing the following procedures to assess the recognition of revenue for a sample of specific revenue transactions recorded during the current year:

(a) testing, on a sample basis, the invoices, service agreements and evaluating whether revenue was recognised in accordance with the invoice dates, the terms of the service agreements, relevant documentation and the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;

(b) testing a sample of loan transaction documentation to validate whether a loan transaction had occurred by matching outgoing cash to recorded loan receivables;

(c) performing analytical audit procedures to assess whether interest income was in line with the expected level; and

(d) testing, on a sample basis, transaction on either side of the year end date to assess whether the transactions were recognised in the correct accounting period.

Provision for expected credit losses on margin client receivables included in trade receivables

The Group has adopted HKFRS 9 on 1 April 2018.

The key change arising from the adoption of HKFRS 9 is that the Group's credit losses are now estimated based on an expected loss model rather than an incurred loss model.

As at 30 March 2019, the gross margin client amounted to HK$81,871,730. Their credit loss impairment allowances amounted to HK$11,956,757.

The Group assessed whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

The assessment of impairment for margin client receivables involves significant management judgements and estimates, including estimation of probability of defaults, valuation of collateral, expected future cash flows and future economic conditions.

The related disclosures regarding the accounting policy, the judgement and estimates involved and the details of the credit loss allowance are included in notes 3, 4 and 20 to the consolidated financial statements.

How the matter was addressed in our audit

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

1. For margin client receivables classified at stage 1, we evaluated the Group's estimation methodology of expected credit losses, and checked the parameters to external data sources where available, including the price volatility of selected underlying collateral used in multiple scenario analysis;

2. For margin client receivables classified at stage 2 and 3, in assessing the credit loss allowances made by the Group, we checked the valuation of the collateral and other sources of cash flows, and developed a reasonable range of expected cash shortfall for comparison with the Group's assessment; and

3. We also evaluated the related disclosures regarding the accounting policy, the judgement and estimates involved and the details of the credit loss allowances included in notes 3, 4 and 20 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 annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

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

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

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

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

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

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

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 24 June 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019**	2018
		HK$	*HK$*
Revenue	*7*	**48,141,146**	50,972,653
Net gain on trading of financial assets at fair value through profit or loss		**2,134,645**	2,021,351
Net change in fair value of financial assets at fair value through profit or loss		**17,541**	240,491
Net other income, gains and losses	*8*	**(10,710,879)**	(8,257,841)
Administrative expenses		**(23,813,441)**	(24,285,350)
Finance costs	*10*	**(147,981)**	(145,003)
Profit before tax	*11*	**15,621,031**	20,546,301
Income tax expenses	*14*	**(3,103,053)**	(4,077,092)
Profit and total comprehensive income for the year attributable to owners		**12,517,978**	16,469,209
Earnings per share			
— Basic	*16*	**0.57 cent**	0.75 cent
— Diluted	*16*	**0.57 cent**	0.75 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2019 HK$	2018 HK$
Non-current assets			
Plant and equipment	17	**653,499**	1,515,830
Intangible assets	18	**—**	19,843,160
Other assets	19	**1,730,000**	1,763,453
Loans receivables	21	**12,178,616**	372,660
Rental and utility deposits	22	**698,875**	—
		15,260,990	23,495,103
Current assets			
Trade receivables	20	**84,605,821**	83,906,082
Loans receivables	21	**82,257,989**	76,428,583
Other receivables, deposits and prepayments	22	**310,931**	1,396,156
Financial assets at fair value through profit or loss	23	**33,481,389**	38,622,985
Asset held-for-sale	24	**18,646,588**	—
Tax refundable		**1,969,011**	1,227,850
Pledged bank deposit	25	**10,000,000**	5,000,000
Bank balances and cash — trust accounts	25	**137,691,268**	83,009,627
Bank balances and cash — general accounts	25	**11,011,117**	25,074,154
		379,974,114	314,665,437
Current liabilities			
Trade payables	26	**150,057,423**	86,388,818
Other payables and accruals	27	**3,066,147**	2,677,817
Bank borrowing	28	**2,000,000**	—
Income tax payables		**1,280,164**	658,798
		156,403,734	89,725,433
Net current assets		**223,570,380**	224,940,004
Total assets less current liabilities		**238,831,370**	248,435,107
Non-current liability			
Deferred tax liabilities	29	**1,569,974**	1,691,689
Net assets		**237,261,396**	246,743,418
Capital and reserves			
Share capital	30	**22,000,000**	22,000,000
Reserves		**215,261,396**	224,743,418
Equity attributable to owners of the Company		**237,261,396**	246,743,418

The consolidated financial statements on pages 34 to 105 were approved and authorised for issue by the Board of Directors on 24 June 2019 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hon
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital *HK$*	Share premium *HK$*	Merger reserve *HK$*	Share options reserve *HK$*	Capital reserve *HK$*	Retained profits *HK$*	Attributable to owners of the Company *HK$*
At 1 April 2017	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	58,679,735	252,274,209
Profit and total comprehensive income for the year	—	—	—	—	—	16,469,209	16,469,209
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2018 and 1 April 2018	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	53,148,944	246,743,418
Profit and total comprehensive income for the year	—	—	—	—	—	12,517,978	12,517,978
Dividend	—	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2019	22,000,000	130,931,993	32,500,000	8,275,000	(112,519)	43,666,922	237,261,396

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	Notes	2019 HK$	2018 HK$
Operating activities			
Profit before tax		**15,621,031**	20,546,301
Adjustments for:			
Depreciation of plant and equipment	*17*	**869,631**	858,167
Amortisation of intangible assets	*18*	**1,196,572**	1,196,573
Net gain on trading of financial assets at fair value through profit or loss		**(2,134,645)**	(2,021,351)
Net change in fair value of financial assets at fair value through profit or loss		**(17,541)**	(240,491)
Dividend income	*8*	**(51,260)**	—
Interest income		**(303,130)**	(166,908)
Interest expenses	*10*	**147,981**	145,003
Impairment loss on (recovery of) trade receivables	*11*	**11,956,757**	(25,058)
Recovery of loans receivables	*11*	**(852,749)**	(1,426,412)
Impairment loss on held-to-maturity investments	*11*	**—**	10,000,000
Operating cash flows before movements in working capital		**26,432,647**	28,865,824
(Increase) decrease in trade receivables		**(12,656,496)**	8,583,688
(Increase) decrease in loans receivables		**(16,782,613)**	3,297,797
Decrease in other receivables, deposits and prepayments		**386,350**	953,272
Decrease (increase) in other assets		**33,453**	(17,962)
(Increase) decrease in pledged bank deposit		**(5,000,000)**	5,000,000
Increase in bank balances and cash — trust accounts		**(54,681,641)**	(61,441,679)
Increase in trade payables		**63,668,605**	63,623,244
Increase in other payable and accruals		**388,330**	823,323
Cash generated from operations		**1,788,635**	49,687,507
Hong Kong Profits Tax paid		**(3,344,563)**	(6,816,920)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		**(1,555,928)**	42,870,587

	Notes	2019 HK$	2018 HK$
Investing activities			
Dividend income		**51,260**	—
Interest received		**303,130**	166,908
Purchase of plant and equipment		**(7,300)**	(305,441)
Purchase of financial assets at fair value through profit or loss		**(23,625,295)**	(27,645,326)
Proceeds from disposal of financial assets at fair value through profit or loss		**30,919,077**	20,414,130
Proceeds from disposal of held-to-maturity investments		**—**	12,000,000
NET CASH GENERATED FROM INVESTING ACTIVITIES		**7,640,872**	4,630,271
Financing activities			
Interest paid	40	**(147,981)**	(145,003)
Dividends paid	40	**(22,000,000)**	(22,000,000)
Proceeds from shareholder loan	40	**13,000,000**	—
Repayment of shareholder loan	40	**(13,000,000)**	—
Drawdown on bank loans	40	**38,600,000**	47,400,000
Repayment of bank loans	40	**(36,600,000)**	(59,600,000)
NET CASH USED IN FINANCING ACTIVITIES		**(20,147,981)**	(34,345,003)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(14,063,037)**	13,155,855
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		**25,074,154**	11,918,299
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**11,011,117**	25,074,154
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS			
Bank balances and cash — general accounts	25	**11,011,117**	25,074,154

1. GENERAL

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited ("Stock Exchange"). The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and its principal place of business is Room 16B, 16/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

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

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

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

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

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

The Group has applied the following amendments to Hong Kong Accounting Standards ("HKASs") and HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in 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

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

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (Continued)

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

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

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

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

Impairment under ECL model

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for loan receivables and trade receivables arising from cash clients and clearing house using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group assumes that the credit risk on loan receivables and trade receivables arising from cash clients and clearing house has increased significantly if it is more than 90 days past due.

The Group considers loan receivables and trade receivables arising from cash clients and clearing house to be in default 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.

For trade receivables arising from margin clients, the ECLs are based on HKFRS 9 general approach. Under the general approach, financial assets migrate through the following three stages based on the change in credit risk since initial recognition:

Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal 12-month ECLs.

Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (Continued)

(a) Impact and changes in accounting policies of application on HKFRS 9 Financial Instruments (Continued)

Impairment under ECL model (Continued)

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, 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 and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. For certain portfolio of margin finance loans, the Group rebuts the presumption that there have been significant increases in credit risk since initial recognition when financial assets are more than 90 days past due as management considers the probability of default is highly correlated with the collateral value rather than the past due days.

Maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and loan receivables. ECL for other financial assets at amortised cost, including bank balances and cash and other receivables, are assessed on 12-month ECL basis as there had been no significant increase in credit risk since initial recognition. After performing the assessment of expected credit loss on the Group's existing trade receivables, loan receivables, other receivables and bank balances, no expected credit loss allowance was recognised by the Group as at 1 April 2018 as the amount is not material.

(b) Impacts and changes in accounting policies of application on 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 retained profits 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 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs affecting amounts reported and/or disclosures in the consolidated financial statements (Continued)

(b) Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers (Continued)

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

i) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Commission income for brokering business of securities, futures and options dealing is recorded as income on a trade-date basis.

ii) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Underwriting commission income, sub-underwriting commission income, placing commission and related handling fee whether on an underwritten or on a best-effort basis are recognised when the shares are allotted to the placees.

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

iv) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Fees for clearing and settlement of trades between Participants in eligible securities transacted on the Stock Exchange are recognised in full on T+1, ie, on the day following the trade day, upon acceptance of the trades. Fees for other settlement transactions are recognised upon completion of the settlement.

v) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Handling service fees and dividend collection fees are recognised when the agreed services have been provided.

vi) The performance obligation is satisfied at a point in time when the customer has received the service from the Group. Securities advisory services fee income and other service income are recognised when the services are rendered.

vii) Income derived from income right is recognised over time when the right to receive payment is established, it is probable that the economic benefits associated with the income will flow to the Group and the amount of the income can be measured reliably.

viii) Revenue from the exploitation of film rights is recognised over time based upon the contractual terms of each agreement, it is probable that the economic benefits associated with the income will flow to the Group and the amount of the income can be measured reliably.

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. The application of HKFRS 15 on 1 April 2018 has no material impact on the Group's financial performance and positions at the initial application and during the current year, and accordingly, there is no adjustment on the opening consolidated statement of financial position and consolidated statement of changes in equity.

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKASs and HKFRSs in issue but not yet effective

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

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

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 date to be determined
5 Effective for business combinations and asset acquisitions 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 HKFRS mentioned below, the Directors of the Company do not anticipate that the application of these new and amendments to HKFRSs will have any material impact on the Group's 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 leases and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as sales. HKFRS 16 also includes requirements relating to subleases and the lease modifications.

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 16 Leases (Continued)

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$7,558,993 as disclosed in note 35. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$946,511 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

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

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

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

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

— Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

— Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

— Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation

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

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

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

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

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

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

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

Investments in subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

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

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

A contract 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.

Revenue recognition (prior to 1 April 2018)

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

i) Commission income for brokering business of securities, futures and options dealing is recorded as income on a trade-date basis.

ii) Underwriting commission income, sub-underwriting commission income, placing commission and related handling fee whether on an underwritten or on a best-effort basis are recognised when the shares are allotted to the placees.

iii) Interest income represents gross interest income from bank deposits and investments and is recognised on a time apportionment basis, taking into account the principal outstanding and the applicable interest rates.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

v) Fees for clearing and settlement of trades between Participants in eligible securities transacted on the Stock Exchange are recognised in full on T+1, ie, on the day following the trade day, upon acceptance of the trades. Fees for other settlement transactions are recognised upon completion of the settlement.

vi) Handling service fees and dividend collection fees are recognised when the agreed services have been provided.

vii) Securities advisory services fee income and other service income are recognised when the services are rendered.

viii) Income derived from income right is recognised when the right to receive payment is established.

ix) Revenue from the exploitation of film rights is recognised based upon the contractual terms of each agreement.

Foreign currencies

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

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

Borrowing costs

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

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

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

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

Employee benefits

Retirement benefit costs

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

Short-term employee benefits

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

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

Share-based payment transactions

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Share-based payment transactions (Continued)

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

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

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

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

Taxation

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

Current tax

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

Deferred tax

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax (Continued)

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

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

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

Current and deferred tax for the year

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

Plant and equipment

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets

Intangible assets acquired separately

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

Future trading right

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

Film rights

Film rights are stated at cost less accumulated amortisation and impairment losses. Their costs are amortised over 7 years based on the expected lifespan of the film rights with reference to development plan.

Income right

Income rights are stated at cost less accumulated amortisation and impairment losses. Their costs are amortised over 20 years based on the underlying contract period, with reference to terms of the contract.

Derecognition of intangible assets

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

Impairment of tangible and intangible assets other than goodwill

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Further details on financial risk management of financial assets and liabilities are disclosed in note 38.

Provisions

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

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

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

Cash and cash equivalents

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

Share capital

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

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

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 or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest/dividend income which are 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 from 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 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 FVTOCI:

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

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

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

A financial asset is classified as held for trading if:

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

- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative that is not designated and effective as a hedging instrument.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. 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. 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.

(ii) Financial assets at FVTPL

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

Impairment of financial assets (upon application HKFRS 9 with transitions from 1 April 2018)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including advances to customers in margin financing, advances to customers for merger and acquisition activities and asset-backed financing to customers, investment securities at amortised cost, reverse repurchase agreements, accounts receivable that is not result of transactions within the scope of HKFRS 15, deposits and other receivables, cash and cash equivalents, cash held on behalf of customers), loan commitments and contract assets (if any). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions from 1 April 2018) (Continued)

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 reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of 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 business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

For loan commitment, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions from 1 April 2018) (Continued)

(i) Significant increase in credit risk (Continued)

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 collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 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 lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

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

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

(iv) Write-off policy

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions from 1 April 2018) (Continued)

(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 cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the basis:

- Nature of financial instruments;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(i) Financial assets at FVTPL

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

A financial asset is classified as held for trading if:

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

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

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

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

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that are quoted in an active market and that the Group has the positive intention and ability to hold to maturity.

Held-to-maturity investment is initially recorded at fair value plus any directly attributable transaction costs. Subsequently to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest rate method, less any impairment allowances.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and bills receivables, deposits and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

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

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

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

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

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset‘s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in a debt instrument classified as at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

On derecognition of an AFS financial asset, the cumulative gain or loss previously accumulated in the investments revaluation reserve 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 the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Other financial liabilities (including trade and other payables and bank borrowings) 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.

Derecognition

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Segment reporting

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

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

Related parties

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

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

(1) has control or joint control of the Group;

(2) has significant influence over the Group; or

(3) is a member of the key management personnel of the Group or a parent of the Group.

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

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

(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(3) Both entities are joint ventures of the same third party.

(4) One entity is a joint venture of a third party and the other entity is an associate of the third party.

(5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(6) The entity is controlled or jointly-controlled by a person identified in (i).

(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(8) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

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

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

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

Leasing

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

The Group as lessee

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty (Continued)

Depreciation and amortisation

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

Provision of ECL on trade receivables and other receivables

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

In assessing the lifetime ECL on credit-impaired financial assets, the Group performs the assessment based on the Group's historical credit loss experience, adjusted for factors that specific to the debtors or borrowers, general economic conditions and both the current conditions at the reporting date as well as the forecast of future conditions with significant judgments involved. Moreover, the Group also reviews the value of the collateral received from the customers in determining the impairment. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce material differences between loss estimates and actual loss experience. As at 31 March 2019, the carrying amount of trade receivables is HK$84,605,821 (2018: HK$83,906,082). The Group have made HK$11,956,757 (2018: HK$nil) impairment loss during the year.

Provision of ECL on loans receivables

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

As at 31 March 2019, the carrying amount of loan receivables is HK$94,436,605 (2018: HK$76,801,243). No impairment loss is recognised for loan receivables during the year (2018: HK$nil).

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

Income and deferred tax

As at 31 March 2019, the Group had estimated unused tax losses of HK$11,471,387 (2018: HK$7,761,436) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future.

5. CAPITAL RISK MANAGEMENT

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

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

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

At the end of the reporting period, the Group has bank borrowing of HK$2,000,000 (2018: HK$nil) and, accordingly, the gearing ratio is 0.01 (2018: nil).

The increase in the gearing ratio during the year resulted mainly from an increase in bank borrowings for the year.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets	Fair value through profit loss (held for trading) *HK$*	Financial assets at amortised costs *HK$*	Total *HK$*
2019			
Financial assets at fair value through profit or loss *(Note 23)*	33,481,389	—	33,481,389
Trade and other receivables	—	85,389,234	85,389,234
Loan receivables *(Note 21)*	—	94,436,605	94,436,605
Cash and cash equivalents	—	158,702,385	158,702,385
	33,481,389	338,528,224	372,009,613
2018			
Financial assets at fair value through profit or loss *(Note 23)*	38,622,985	—	38,622,985
Trade and other receivables	—	85,037,463	85,037,463
Loan receivables *(Note 21)*	—	76,801,243	76,801,243
Cash and cash equivalents	—	113,083,781	113,083,781
	38,622,985	274,922,487	313,545,472

	2019 ***HK$***	2018 *HK$*
Financial liabilities at amortised cost		
Trade payables	**150,057,423**	86,388,818
Other payables	**1,868,932**	936,906
Bank borrowing	**2,000,000**	—
	153,926,355	87,325,724

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

(b) Financial risk management objectives and policies

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

6. FINANCIAL INSTRUMENTS (Continued)

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

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

(i) Credit risk

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

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

As at 31 March 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of trade and bill receivables, deposits and other receivables, bank and cash balances and pledged bank deposits included in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade and bills receivables. The Group has policies in place to ensure that sales are made to customers with a proper credit history. In addition, the directors of the Company review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts.

The Group has no significant concentration of credit risk. The percentage of trade and loans receivables due from the Group's five largest customers in aggregate to the Group's total trade receivables net of allowance is 58% (2018: 58%) as at 31 March 2019.

The Group's exposure to credit risk is influenced mainly by individual characteristics of each client rather than the industry or country in which the clients operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual clients. As at 31 March 2019, 83% (2018: 77%) and 37% (2018: 40%) of the total trade and loans receivables due from clients were from the Group's five largest clients.

The credit risk on liquid funds is limited because the counterparties are mainly well-recognised financial institutions.

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

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

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

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Market risk

Foreign currency risk

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

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

	2019		**2018**	
	Assets	Liabilities	**Assets**	Liabilities
	HK$	*HK$*	***HK$***	*HK$*
Renminbi ("RMB")	**2,164,705**	—	**620,310**	—

Sensitivity analysis

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

The following table shows the sensitivity analysis of a 5% (2018: 5%) increase/decrease in HK$ against RMB, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2019	2018
	HK$	*HK$*
Increase/decrease in profit or loss	**108,235**	31,016

Interest rate risk

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

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Market risk (Continued)

Interest rate risk (Continued)

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

	2019	2018
	HK$	*HK$*
Financial instruments bearing variable interest rates in nature		
Assets		
Trade receivables	**69,914,973**	83,906,082
Loans receivables	**94,436,605**	76,801,243
Bank balances	**21,011,117**	29,867,688
Liability		
Bank borrowing	**(2,000,000)**	—
	183,362,695	190,575,013

Sensitivity analysis

At 31 March 2019, assuming the Hong Kong market interest rate had been 50 basis points (2018: 50 basis points) higher/lower and all other variables held constant, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2019	2018
	HK$	*HK$*
Increase/decrease in profit or loss	**916,813**	952,875

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

Equity price risk

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

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Market risk (Continued)

Equity price risk (Continued)

Sensitivity analysis

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

If the prices of the respective equity instruments had been 5% (2018: 5%) higher/lower, the effect in the profit or loss and other comprehensive income for the year is as follows:

	2019	2018
	HK$	*HK$*
Increase/decrease in profit or loss	**1,674,069**	1,931,149

(iii) Liquidity risk

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

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

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

As at 31 March 2019, the Group has available banking facilities of HK$47,500,000 (2018: HK$29,500,000) which were not utilised, details are disclosed in note 34.

6. FINANCIAL INSTRUMENTS (Continued)

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

(iii) Liquidity risk (Continued)

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

	Carrying amount *HK$*	Total contractual undiscounted cash flow *HK$*	On demand or within 1 year *HK$*
As at 31 March 2019			
Trade and other payables	151,926,355	151,926,355	151,926,355
Bank borrowing	2,000,000	2,000,000	2,000,000
	153,926,355	153,926,355	153,926,355
As at 31 March 2018			
Trade and other payables	87,325,724	87,325,724	87,325,724

(c) Financial instruments carried at fair value

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

Financial assets	Classified as	Fair value as at 31 March 2019 *HK$*	Fair value as at 31 March 2018 *HK$*	Fair value hierarchy	Basis of fair value measurement/ valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Equity securities in Hong Kong	Financial asset at FVTPL	**29,706,020**	30,585,945	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity securities in oversea	Financial asset at FVTPL	**3,775,369**	8,037,04	Level 1	Quoted bid prices in an active market	N/A	N/A

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

7. REVENUE

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

	2019 HK$	2018 HK$
Recognised at a point in time		
Commission and brokerage fees from securities dealing on the Stock Exchange	**9,286,317**	9,953,071
Placing and underwriting commission	**12,950**	280,000
Commission and brokerage fees from dealing in futures contracts	**618,681**	299,432
Commission from securities advisory services	**60,000**	2,300,000
Other service income	**1,684**	21,780
Clearing and settlement fee	**3,466,241**	2,889,995
Handling service and dividend collection fees	**106,981**	157,087
Market data subscription income	**—**	266,862
Recognised over time		
Income derived from		
— income right	**2,326,646**	2,367,377
— film right	**33,110**	39,600
Other sources income		
Interest income from		
— clients (including margin clients)	**31,319,620**	28,704,899
— authorised financial institutions	**303,130**	166,908
— others	**605,786**	3,525,642
	48,141,146	50,972,653

Notes: These income are the revenue arising from HKFRS 15, while interest income are under the scope of HKFRS 9.

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

8. NET OTHER INCOME, GAINS AND LOSSES

	2019 HK$	2018 HK$
Dividend income	**51,260**	—
Impairment loss on held-to-maturity investments	**—**	(10,000,000)
Net exchange loss	**(36,572)**	(37,683)
Impairment loss on trade receivables	**(11,956,757)**	—
Recovery of trade receivables	**—**	25,058
Recovery of loans receivables	**852,749**	1,426,412
Sundry incomes	**378,441**	328,372
	(10,710,879)	(8,257,841)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

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

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

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

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

Business segments

Segment revenues and results

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

	2019					
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Consolidated *HK$*
Segment revenues						
— Recognised at a point in time	13,478,220	12,950	—	60,000	1,684	13,552,854
— Recognised over time	—	—	—	—	2,359,756	2,359,756
— Other sources income	10,431,256	—	21,200,068	—	597,212	32,228,536
	23,909,476	12,950	21,200,068	60,000	2,958,652	48,141,146
Segment results	(2,450,592)	(477,418)	18,444,572	(145,113)	3,344,397	18,715,846
Net other income, gains and losses						1,194,618
Unallocated other operating expenses						(4,141,452)
Finance cost						(147,981)
Profit before tax						15,621,031
Income tax expenses						(3,103,053)
Profit for the year						12,517,978

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment revenues and results (Continued)

	2018					
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Consolidated *HK$*
Segment revenues						
— Recognised at a point in time	13,566,446	280,000	—	2,300,000	21,781	16,168,227
— Recognised over time	—	—	—	—	2,406,977	2,406,977
— Other sources income	11,833,978	—	17,035,596	—	3,527,875	32,397,449
	25,400,424	280,000	17,035,596	2,300,000	5,956,633	50,972,653
Segment results	12,424,006	(197,627)	14,618,539	2,121,702	6,290,924	35,257,544
Net other income, gains and losses						(8,257,841)
Unallocated other operating expenses						(6,308,399)
Finance cost						(145,003)
Profit before tax						20,546,301
Income tax expenses						(4,077,092)
Profit for the year						16,469,209

Revenue reported above represents revenue generated from external customers. There were no inter-segment transactions during the year (2018: HK$nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by each segment without allocation of net other income, gains and losses, unallocated other operating expenses and finance costs except impairment loss on trade receivables under ECL model. This is the measure reported to the Executive Directors for the purpose of resources allocation and performance assessment.

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment assets and liabilities

	2019					
	Securities, futures and options brokering and trading *HK$*	**Placing and underwriting** *HK$*	**Loan financing** *HK$*	**Securities advisory service** *HK$*	**Investment holding** *HK$*	**Consolidated** *HK$*
Assets						
Segment assets	**226,128,572**	**—**	**100,570,705**	**—**	**58,834,727**	**385,534,004**
Unallocated assets						**9,701,100**
Total assets						**395,235,104**
Liabilities						
Segment liabilities	**152,351,183**	**—**	**1,249,003**	**—**	**2,252,919**	**155,853,105**
Unallocated liabilities						**2,120,603**
Total liabilities						**157,973,708**

	2018					
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Consolidated *HK$*
Assets						
Segment assets	171,268,177	—	79,047,632	—	67,290,224	317,606,033
Unallocated assets						20,554,507
Total assets						338,160,540
Liabilities						
Segment liabilities	88,705,480	—	627,420	—	1,756,722	91,089,622
Unallocated liabilities						327,500
Total liabilities						91,417,122

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to reportable segments other than part of other receivables, deposits and prepayments, tax refundable, pledged bank deposit and bank balances and cash-general accounts. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to reportable segments other than part of other payables, accruals, bank borrowings, income tax payables and deferred tax liabilities. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Other information

	2019						
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Unallocated *HK$*	Consolidated *HK$*
Additions to plant and equipment	7,300	—	—	—	—	—	7,300
Amortisation of intangible assets	—	—	—	—	1,196,572	—	1,196,572
Depreciation of plant and equipment	860,348	—	9,283	—	—	—	869,631
Impairment loss on trade receivables	11,956,757	—	—	—	—	—	11,956,757
Recovery of loans receivables	(852,749)	—	—	—	—	—	(852,749)

9. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segments (Continued)

Other information (Continued)

	2018						
	Securities, futures and options brokering and trading *HK$*	Placing and underwriting *HK$*	Loan financing *HK$*	Securities advisory service *HK$*	Investment holding *HK$*	Unallocated *HK$*	Consolidated *HK$*
Additions to plant and equipment	305,441	—	—	—	—	—	305,441
Amortisation of intangible assets	—	—	—	—	1,196,573	—	1,196,573
Depreciation of plant and equipment	848,884	—	9,283	—	—	—	858,167
Recovery of trade receivables	(25,058)	—	—	—	—	—	(25,058)
Impairment loss on held-to-maturity investment	—	—	—	—	10,000,000	—	10,000,000
Recovery of loans receivables	(1,426,412)	—	—	—	—	—	(1,426,412)

Geographical information

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

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

	Revenue from external customers		Non-current assets*	
	2019 ***HK$***	2018 *HK$*	**2019** ***HK$***	2018 *HK$*
Hong Kong	**45,814,500**	48,605,276	**2,383,499**	3,279,283
The PRC	**2,326,646**	2,367,377	**—**	19,843,160
	48,141,146	50,972,653	**2,383,499**	23,122,443

* Non-current assets exclude financial instruments.

Information on major customers

One major customer of the Group accounted for approximately 11.8% (2018: 8.6%) of the total revenue during the year ended 31 March 2019. No other single customer contributed 10% or more to the Group's revenue for both years.

10. FINANCE COSTS

	2019 **HK$**	2018 *HK$*
Interest on bank borrowings wholly repayable within five years	**139,860**	145,003
Interest on shareholder loan wholly repayable on demand	**8,121**	—
	147,981	145,003

11. PROFIT BEFORE TAX

	2019 **HK$**	2018 *HK$*
Profit before tax has been arrived at after charging (crediting):		
Staff costs (including Directors' emoluments)	**6,804,760**	6,889,945
Auditor's remuneration	**618,000**	600,000
Depreciation of plant and equipment	**869,631**	858,167
Amortisation of intangible assets	**1,196,572**	1,196,573
Net gain on trading of financial assets at fair value through profit or loss	**(2,134,645)**	(2,021,351)
Net change in fair value of financial assets at fair value through profit or loss	**(17,541)**	(240,491)
Impairment loss on trade receivables under ECL Model	**11,956,757**	—
Recovery of trade receivables	**—**	(25,058)
Recovery of loans receivables	**(852,749)**	(1,426,412)
Net exchange loss	**36,572**	37,683
Impairment loss on held-to-maturity investments	**—**	10,000,000
Operating lease payments in respect of rented premises	**2,840,513**	2,424,517

12. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2019 **HK$**	2018 *HK$*
Salaries, allowances and other benefits in kind	**6,606,515**	6,682,837
Defined contribution retirement benefit scheme contributions	**198,245**	207,108
	6,804,760	6,889,945

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2018: seven) Directors were as follows:

Year ended 31 March 2019

	Fees *HK$*	Salaries, allowance and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share-based payment *HK$*	Total *HK$*
Executive Directors						
Kwok Kin Chung						
(Chief Executive Officer)	—	1,151,764	—	18,000	—	1,169,764
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	546,000	—	18,000	—	564,000
Non-Executive Director						
Alexis Ventouras						
(Chairman)	60,000	—	—	—	—	60,000
Independent non-executive Directors						
Au Yeung Tai Hong Rorce	60,000	—	—	—	—	60,000
Chiu Wai Keung	120,000	—	—	—	—	120,000
Poon Wing Chuen	120,000	—	—	—	—	120,000
Wang Rongqian	60,000	—	—	—	—	60,000
	420,000	2,087,764	—	54,000	—	2,561,764

Year ended 31 March 2018

	Fee *HK$*	Salaries, allowance and benefit in kind *HK$*	Discretionary bonuses *HK$*	Defined contribution retirement benefit scheme contributions *HK$*	Share-based payment *HK$*	Total *HK$*
Executive Directors						
Kwok Kin Chung						
(Chief Executive Officer)	—	1,076,260	—	18,000	—	1,094,260
Lau Kin Hon	—	390,000	—	18,000	—	408,000
Yu Linda	—	546,000	—	18,000	—	564,000
Non-Executive Director						
Alexis Ventouras						
(Chairman)	180,000	—	—	—	—	180,000
Independent non-executive Directors						
Au Yeung Tai Hong Rorce	120,000	—	—	—	—	120,000
Chiu Wai Keung	120,000	—	—	—	—	120,000
Poon Wing Chuen	120,000	—	—	—	—	120,000
	540,000	2,012,260	—	54,000	—	2,606,260

13. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Directors' termination benefits

During the year ended 31 March 2019, no termination benefits were received by the Directors (2018: nil).

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

During the year ended 31 March 2019, no consideration was paid for making available the services of the Directors (2018: nil).

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

During the year ended 31 March 2019, there were no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of the Directors (2018: nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2018: nil).

(f) Five highest paid individuals

During the year, of the five highest paid individuals in the Group, two (2018: two) executive Directors whose emoluments are set out above. The emoluments of the remaining three (2018: three) individuals are as follows:

	2019	2018
	HK$	*HK$*
Salaries, allowances and benefit in kind	**2,148,713**	1,906,403
Defined contribution retirement benefit scheme contributions	**54,000**	52,859
	2,202,713	1,959,262

The emoluments of the three (2018: three) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2019	2018
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**—**	1
HK$1,500,001 to HK$2,000,000	**—**	—
HK$2,000,001 to HK$2,500,000	**—**	—

No emoluments were paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2019 and 2018. None of the Directors and five highest paid individuals of the Company has waived or agreed to waive any emoluments during the year.

14. INCOME TAX EXPENSES

	2019 HK$	2018 HK$
Hong Kong Profits Tax		
— current year	**3,111,803**	4,112,980
— under/(over) provision in prior year	**112,965**	(60,000)
Deferred tax		
— current year *(Note 29)*	**(121,715)**	24,112
	3,103,053	4,077,092

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

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

	2019 HK$	2018 HK$
Profit before tax	**15,621,031**	20,546,301
Tax at the domestic income tax rate of 16.5% (2018:16.5%)	**2,577,467**	3,390,140
Tax effect of expenses not deductible for tax purpose	**230,330**	170,742
Tax effect of income not taxable for tax purpose	**(431,398)**	(363,684)
Tax effect of temporary difference not recognised	**1,547**	(107,145)
Tax effect of tax loss not recognised	**1,042,442**	1,049,900
Utilisation of tax losses previously not recognised	**(430,300)**	(2,861)
Under/(Over) provision in prior year	**112,965**	(60,000)
Tax expenses for the year	**3,103,053**	4,077,092

At 31 March 2019, the Group had estimated tax losses of HK$11,471,387 (2018: HK$7,761,436) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

15. DIVIDEND

	2019 HK$	2018 HK$
2018 Final dividend paid — HK1.0 cent per share (2017 Final dividend paid — HK1.0 cent per share)	**22,000,000**	22,000,000

The Board proposed a final dividend of HK1.0 cent per ordinary share for the year ended 31 March 2019 (2018: HK1.0 cent). This proposed final dividend is not reflected as a dividend payable as of 31 March 2019, but will be recorded as a distribution of retained profits for the year ending 31 March 2020.

16. EARNINGS PER SHARE

	2019 ***HK$***	2018 *HK$*
Profit for the year attributable to owners of the Company	**12,517,978**	16,469,209

	2019	2018
Number of ordinary shares for the purposes of basic earnings per share	**2,200,000,000**	2,200,000,000
Effect of dilutive potential ordinary shares: Share options of the Company	**—**	—
Number of ordinary shares for the purposes of diluted earnings per share	**2,200,000,000**	2,200,000,000

The calculation of basic earnings per share is based on the Group's profit attributable to the owners of the Company of HK$12,517,978 (2018: HK$16,469,209) and the number of ordinary shares of 2,200,000,000 (2018: 2,200,000,000) in issue during the year.

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

The calculation of diluted earnings per share for the year ended 31 March 2019 is based on the profit for the year attributable to owners of the Company of HK$12,517,978 (2018: HK$16,469,209) and the weighted average number of 2,200,000,000 (2018: 2,200,000,000) dilutive potential ordinary shares in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise price of those options is higher than the average market price of the Company's shares for 2019.

17. PLANT AND EQUIPMENT

	Leasehold improvement *HK$*	Furniture and equipment *HK$*	Computer equipment *HK$*	Total *HK$*
COST				
At 1 April 2017	1,616,069	1,013,013	4,631,856	7,260,938
Additions	—	976	304,465	305,441
At 31 March 2018 and 1 April 2018	1,616,069	1,013,989	4,936,321	7,566,379
Additions	—	—	7,300	7,300
Written off	—	—	(311,959)	(311,959)
At 31 March 2019	1,616,069	1,013,989	4,631,662	7,261,720
ACCUMULATED DEPRECIATION				
At 1 April 2017	505,775	658,338	4,028,269	5,192,382
Charge for the year	537,941	110,536	209,690	858,167
At 31 March 2018 and 1 April 2018	1,043,716	768,874	4,237,959	6,050,549
Charge for the year	537,843	110,443	221,345	869,631
Written off	—	—	(311,959)	(311,959)
At 31 March 2019	1,581,559	879,317	4,147,345	6,608,221
NET CARRYING VALUES				
At 31 March 2019	34,510	134,672	484,317	653,499
At 31 March 2018	572,353	245,115	698,362	1,515,830

18. INTANGIBLE ASSETS

	Income rights HK$	Futures trading rights HK$	Film rights HK$	Total HK$
COST				
At 1 April 2017, 31 March 2018 and 1 April 2018	23,931,450	348,900	3,807,000	28,087,350
Transfer to asset held-for-sale	(23,931,450)	—	—	(23,931,450)
At 31 March 2019	—	348,900	3,807,000	4,155,900
ACCUMULATED AMORTISATION				
At 1 April 2017	2,891,717	348,900	1,580,282	4,820,899
Charge for the year	1,196,573	—	—	1,196,573
At 31 March 2018 and 1 April 2018	4,088,290	348,900	1,580,282	6,017,472
Charge for the year	1,196,572	—	—	1,196,572
Transfer to asset held-for-sale	(5,284,862)	—	—	(5,284,862)
At 31 March 2019	—	348,900	1,580,282	1,929,182
ACCUMULATED IMPAIRMENT LOSS				
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	—	—	2,226,718	2,226,718
NET CARRYING VALUES				
At 31 March 2019	—	—	—	—
At 31 March 2018	19,843,160	—	—	19,843,160

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

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

The Group's intangible assets in 2019 include two (2018: three) items, which are futures trading rights and film rights.

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

18. INTANGIBLE ASSETS (Continued)

The management of the Group considered that the film right did not have foreseeable profit. The carrying amount of the film right is HK$nil (2018: HK$nil), net of accumulated impairment loss of HK$2,226,718 (2018: HK$2,226,718), as at 31 March 2019.

On 7 November 2014, Blooming Business Holdings Limited ("the Purchaser"), a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire the income rights of the Photovoltaic Power Plant for 20 years at the consideration of RMB19,000,000 in cash. As at 31 March 2018, the appraised value of the income rights of approximately RMB21,200,000 has been arrived at on the basis of a valuation carried out at that date by AP Appraisal Limited, an independent professional valuer not connected to the Group who has appropriate qualifications and recent experience in the valuation of similar income right. The value of income right was determined by discounting a projected cash flow series by using discount rates ranging from 5.63% to 6.32%. The discount rate used is based on the China government bond zero coupon rate plus a risk premium. The effective China government bonds zero coupon rate is expected to be fluctuated across 20 years and therefore no fixed discount rate is applied. The valuation took into account of the guarantee for the RMB2,000,000 minimum annual fixed income of the following 16.5 years from the guarantor and assumes that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which might adversely affect the economy in general or the business of photovoltaic power plant. Any tax expense generated in PRC from the income would be borned by the vendor.

The estimated recoverable amount of the income rights was above its carrying amount, accordingly no impairment loss (2018: HK$nil) is required.

On 8 October 2018, a subsidiary of the Group ("Vendor"), entered into an agreement with an independent third party ("Purchaser") to sell its income rights of the PV Power Plant consideration of RMB21 million in cash. The consideration of RMB21 million shall be paid to the Vendor in cash on before 31 December 2018. The completion date was subsequently deferred. (Please see note 24)

During the year, the income rights at net carrying amount of HK$18,646,588 has been transferred to asset held-for-sale in note 24.

19. OTHER ASSETS

	2019	2018
	HK$	*HK$*
Admission fee paid to Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Stamp duty deposit with the Stock Exchange	**30,000**	30,000
Contributions in cash to a guarantee fund with Hong Kong Securities Clearing Company Limited	**50,000**	50,000
Compensation fund with the Stock Exchange	**50,000**	50,000
Fidelity fund with The Stock Exchange	**50,000**	50,000
Deposit with HKFE Clearing Corporation Limited in contribution to the reserve fund	**1,500,000**	1,533,453
	1,730,000	1,763,453

20. TRADE RECEIVABLES

	2019 *HK$*	2018 *HK$*
Trade receivables from the business of dealing in securities:		
— Cash clients	**330,172**	896,480
— Margin clients	**69,914,973**	77,575,448
— Clearing houses and brokers	**12,346,171**	3,398,276
Trade receivables from the business of dealing in futures contracts:		
— Clearing houses	**1,821,194**	1,828,733
Income receivables from the income right	**193,311**	207,145
	84,605,821	83,906,082

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

Accounts receivable from cash clients relate to a wide range of customers for whom there was no recent history of default. These receivables are secured by their portfolios of securities. Cash clients are required to place cash deposits as prescribed in the Group's credit policy before execution of any purchase transactions. Based on past experience and current assessment, management believes 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 considered fully recoverable.

Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. At 31 March 2019, margin loans due from margin clients were current and repayable on demand except for HK$1,800,000 (2018: HK$12,344,680) where the margin loans were past due. At 31 March 2019, the total market value of securities pledged as collateral in respect of the loans to borrowing margin clients and all margin clients were HK$109,132,311 and HK$163,230,199 respectively (2018: HK$160,030,982 and HK$253,035,978 respectively). Margin loans that were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes 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 considered fully recoverable.

As at 31 March 2019, trade receivables denominated in United States dollars from brokers amounted to approximately HK$nil (2018: HK$2,674,000).

20. TRADE RECEIVABLES (Continued)

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

	2019	2018
	HK$	*HK$*
Margin clients balances:		
No due date	**68,114,973**	65,230,768
Past due but not impaired	**1,800,000**	12,344,680
	69,914,973	77,575,448
Cash clients balances:		
No due date	**330,172**	896,480
Past due	**—**	—
	330,172	896,480
Other balances:		
Not yet due (within 30 days)	**14,360,676**	5,434,154
Past due	**—**	—
	14,360,676	5,434,154
	84,605,821	83,906,082

Provision of impairment loss on trade receivables:

	2019	2018
	HK$	*HK$*
Balance at beginning of the year	**2,861,193**	2,886,251
Impairment loss under ECL model for the year	**11,956,757**	—
Recovery of the year	**—**	(25,058)
	14,817,950	2,861,193

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

	2019	2018
	HK$	*HK$*
Margin clients balances:		
Past due but not impaired		
More than 180 days	**1,800,000**	12,344,680

20. TRADE RECEIVABLES (Continued)

Impairment under HKFRS 9 for the year ended 31 March 2019

An analysis of changes in the corresponding ECL allowances is as follows:

	Stage 1 *HK$*	Stage 2 *HK$*	Stage 3 *HK$*	Total *HK$*
As at 1 April 2018	—	—	—	—
Arising from margin clients	—	3,492,077	8,464,680	11,956,757
As at 31 March 2019	—	3,492,077	8,464,680	11,956,757
Arising from:				
Margin client receivables	—	3,492,077	8,464,680	11,956,757

The following significant changes in the gross carrying amounts of margin client and cash client receivables contributed to the increase in the loss allowance during the year:

- Arising from margin receivables of HK$27,119,798 to stage 2 and of HK$12,105,956 to stage 3, resulting in an increase in loss allowance of HK$3,492,077 and HK$8,464,680 respectively.

To minimise the Group's exposure to credit risk, the management is responsible for the evaluation of the customers' credit ratings, financial background and repayment abilities. Management has set up credit limit for each individual customer, which is subjected to regular review. Any extension of credit beyond the approved limit has to be approved by relevant level of management on an individual basis according to the amount exceeded. The Group has a policy for reviewing impairment of trade receivables which do not have sufficient collateral and those with default or delinquency in interest or principal payment. The assessment is based on an evaluation of the collectability and aging analysis of the accounts and on management's judgement, including current credit-worthiness, collateral's value and past collection history of each customer.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date when credit was initially granted up to the reporting date. The credit risk is considered limited due to the customer base being large and unrelated. The Directors believe that a HK$14,817,950 (2018: HK$2,861,193) allowance for impairment was necessary as at 31 March 2019.

21. LOAN RECEIVABLES

	2019 HK$	2018 HK$
Loan advanced	**76,780,408**	66,523,161
Interest receivables	**17,656,197**	10,278,082
	94,436,605	76,801,243

	2019 HK$	2018 HK$
Analysed as:		
Current	**82,257,989**	76,428,583
Non-current	**12,178,616**	372,660
	94,436,605	76,801,243

As at 31 March 2019, secured loans with an aggregate amount of HK$68,068,495 (2018: HK$46,686,105) were secured by marketable securities listed in Hong Kong, unlisted securities in Hong Kong and second legal charges in respect of properties located in Hong Kong. The fair value of the marketable securities listed in Hong Kong at 31 March 2019 held as collateral was HK$47,860,243 (2018: HK$27,188,750). The remaining balance amounted to HK$8,711,913 (2018: HK$30,115,138) was unsecured.

Loan receivables include current and non-current were measured at amortized cost using the effective interest method, less any impairment losses. In accordance with IFRS 9, these loan receivables will continue to be measured at amortized cost because the criteria of the Solely Payments of Principal and Interest test have been met. The fair values of the Group's loan receivables approximate the corresponding carrying amounts of the loan receivables.

The effective interest rates of the Group's loans receivables are 20%–34% per annum (2018: 20%–34% per annum).

As at 31 March 2019, included in the loan receivables was a balance of HK$37,354,831 (2018: HK$9,944,098) which has been past due but not impaired. It is because the loan receivables were fully settled after the end of the reporting period.

Provision of impairment loss on loans receivables:

	2019 HK$	2018 HK$
Balance at beginning of the year	**852,749**	2,279,161
Recovery of loan receivables for the year	**(852,749)**	(1,426,412)
	—	852,749

The loan receivables have been reviewed by the management to assess impairment based on the evaluation of collectability, aging analysis of accounts and management judgements, including the current creditworthiness and the past collection statistics. Taking into account the credit-worthiness of the borrowers, the Directors believe that no allowance for impairment was necessary as at 31 March 2019 (2018: HK$852,749).

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 HK$	2018 HK$
Non-current asset:		
Rental and utility deposits	**698,875**	—
Current assets:		
Other receivables	**12,800**	12,800
Rental, utilities and other deposits	**247,636**	1,118,581
Prepayments	**50,495**	264,775
	310,931	1,396,156

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 HK$	2018 HK$
Listed securities		
— Equity securities in Hong Kong, at fair value	**29,706,020**	30,585,945
— Equity securities in overseas, at fair value	**3,775,369**	8,037,040
	33,481,389	38,622,985

24. ASSET HELD-FOR-SALE

	2019 HK$	2018 HK$
Transfer from intangible asset and carrying amount at 31 March *(Note 18)*	**18,646,588**	—

On 8 October 2018, a subsidiary of the Group ("Vendor"), entered into an agreement with an independent third party ("Purchaser") to sell its income rights of the PV Power Plant consideration of RMB21 million in cash. The consideration of RMB21 million shall be paid to the Vendor in cash on before 31 December 2018.

On 10 April 2019, the Vendor and the Purchaser entered into a supplement agreement to extend the date of completion and payment of the consideration in the sum of RMB21 million to on or before 30 April 2019. The transaction was not completed up to the date of annual report.

On 14 June 2019, the Vendor and the Purchaser entered into a 2nd supplemental agreement (the "2nd Supplemental Agreement") whereby the parties agreed that the payment of Consideration in the sum of RMB21,000,000 shall be revised as follows :

1. RMB1,500,000 to be paid on the second business day after signing of the 2nd Supplemental Agreement;
2. RMB1,500,000 to be paid within one month after the above first payment;
3. Balance in the sum of RMB18,000,000 to be paid on or before 30 November 2019.

The Group has received RMB1,500,000 on 18 June 2019 and expects the transaction will be completed within 2019.

25. BANK BALANCES AND CASH/PLEDGED BANK DEPOSIT

	2019 HK$	2018 HK$
Bank balances and cash		
— trust accounts	**137,691,268**	83,009,627
— general accounts and cash	**11,011,117**	25,074,154
Pledged bank deposit	**10,000,000**	5,000,000
	158,702,385	113,083,781

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

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

Pledged bank deposit represents deposit pledged to bank to secure banking facilities granted to the Group. Deposits amounting to HK$10,000,000 (2018: HK$5,000,000) have been pledged to secure bank overdraft and bank loans and is therefore classified as current assets.

26. TRADE PAYABLES

	2019 HK$	2018 HK$
Trade payables from the business of dealing in securities:		
— Cash clients	**31,847,575**	26,261,634
— Margin clients	**115,128,181**	57,320,610
— Clearing houses and brokers	**—**	—
Trade payables from the business of dealing in futures contracts:		
— Margin clients	**3,081,667**	2,806,574
	150,057,423	86,388,818

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

Included in the trade payables to cash clients and margin clients attributable to dealing in securities and futures contracts transaction is an amount of HK$137,691,268 (2018: HK$83,009,627) representing these clients' undrawn monies/excess deposits placed with the Group. The balances are repayable on demand.

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

27. OTHER PAYABLES AND ACCRUALS

	2019 HK$	2018 HK$
Accrued charges	**1,197,215**	1,740,911
Stamp duty, trading levies and trading fee payables	**1,254,725**	824,462
Other payables	**614,207**	112,444
	3,066,147	2,677,817

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

28. BANK BORROWINGS

	Notes	2019 HK$	2018 HK$
Bank overdraft	(a)	**—**	—
Bank loans			
— Secured	(b)	**2,000,000**	—
— Unsecured	(c)	**—**	—
		2,000,000	—

Notes:

(a) Bank overdraft carries interest at the rate of 0.75% per annum below the bank's HKD Prime Rate and is secured by a bank deposit of HK$5,000,000 (2018: HK$5,000,000).

(b) Secured bank loan of HK$2,000,000 (2018: HK$nil) carrying interest at the rate of HIBOR plus 2.5% per annum was drawn under the banking facilities of HK$20,000,000 (2018: HK$nil). Pledged bank deposit of HK$5,000,000 (2018: HK$nil) represents deposits pledged to banks to secure bank facilities granted to the Group.

(c) Unsecured bank loan of HK$nil (2018: HK$nil) carrying interest at the rate of HIBOR plus 2.75% per annum was drawn under the aggregated banking facilities of HK$14,500,000 (2018: HK$14,500,000).

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

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

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

29. DEFERRED TAX LIABILITIES/(ASSETS)

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

	Depreciation allowances in excess of the related depreciation *HK$*	**Unrealised gain on financial assets at FVTPL** *HK$*	**Total** *HK$*
At 1 April 2017	287,341	1,380,236	1,667,577
Charge/(credit) for the year *(Note 14)*	(314,207)	338,319	24,112
At 31 March 2018 and 1 April 2018	(26,866)	1,718,555	1,691,689
(Credit)/charge for the year *(Note 14)*	(122,792)	1,077	(121,715)
At 31 March 2019	(149,658)	1,719,632	1,569,974

30. SHARE CAPITAL

	Number of Ordinary shares HK$0.01 each	*HK$*
Authorised:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	5,000,000,000	50,000,000
Issued and fully paid:		
At 1 April 2017, 31 March 2018, 1 April 2018 and 31 March 2019	2,200,000,000	22,000,000

31. COMPANY INFORMATION OF FINANCIAL POSITION

(a) Financial information of the financial position of the company

	2019 HK$	2018 HK$
Non-current assets		
Investment in a subsidiary	**8**	8
Rental and utility deposits	**698,875**	—
	698,883	8
Current assets		
Other receivables	**6,000**	759,945
Amounts due from subsidiaries	**195,171,511**	188,800,062
Bank balances and cash — general accounts	**697,385**	5,087,997
	195,874,896	194,648,004
Current liabilities		
Other payables	**63,916**	270,815
Amount due to a subsidiary	**—**	1,946
	63,916	272,761
Net current assets	**195,810,980**	194,375,243
Total assets less current liabilities	**196,509,863**	194,375,251
Capital and reserves		
Share capital	**22,000,000**	22,000,000
Reserves	**174,509,863**	172,375,251
Total equity	**196,509,863**	194,375,251

The statement of financial position was approved and authorised for issue by the Board of Directors on 24 June 2019 and are signed on its behalf by:

Kwok Kin Chung
Director

Lau Kin Hong
Director

31. COMPANY INFORMATION OF FINANCIAL POSITION (Continued)

(b) Reserve movement of the Company

	Share capital HK$	Share premium HK$	Merger reserve HK$	Share option reserve HK$	Retained profits HK$	Total HK$
At 1 April 2017	22,000,000	130,931,993	32,500,000	8,275,000	75,586	193,782,579
Profit and total comprehensive income for the year	—	—	—	—	22,592,672	22,592,672
Dividend	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2018 and 1 April 2018	22,000,000	130,931,993	32,500,000	8,275,000	668,258	194,375,251
Profit and total comprehensive income for the year	—	—	—	—	24,134,612	24,134,612
Dividend	—	—	—	—	(22,000,000)	(22,000,000)
At 31 March 2019	22,000,000	130,931,993	32,500,000	8,275,000	2,802,870	196,509,863

The Company's reserves available for distribution to its shareholders comprise of share premium, merger reserve, share options reserve and retained profits which in aggregate amounted to HK$174,509,863 as at 31 March 2019 (2018: HK$172,375,251). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the payment of distributions or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

32. SHARE OPTION SCHEME

The Company has one share option schemes (the "Share Option Scheme") which was adopted on 22 February 2011.

Share Option Scheme

The Company adopted the Share Option Scheme (the "Share Option Scheme") on 22 February 2011, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. The remaining life of the Share Option Scheme is 2 years. It was established to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion and on such terms as it may think fit, offer to grant an option to any employee (fulltime or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. An offer for the grant of share options must be accepted within 7 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.

As at 31 March 2019, the total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 110,000,000 shares, representing 5% of the total number of shares of the Company as at 31 March 2019.

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

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

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

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

32. SHARE OPTION SCHEME (Continued)

Share Option Scheme (Continued)

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

As at 31 March 2019, the number of shares in respect of the options granted and remained outstanding under the Share Option Scheme was 100,000,000 (adjusted for the bonus shares issued), representing 4.55% of the issued shares of the Company. As at the date of this annual report, the number of shares available for issue under the Share Option Scheme was 110,000,000, representing 5% of the issued shares of the Company. The exercise price per share is HK$0.2275 (adjusted for the bonus shares issued).

The following table discloses details of the Company's options under the Share Option Scheme held by Directors and employees/consultants and the movements during the year ended 31 March 2019:

Grantees	Date of grant	Exercise price per share	Exercisable period	Balance as at 1 April 2018	Changes during the period: Lapsed/ Expired/ Granted	Exercised	Cancelled/ lapsed	Balance as at 31 March 2019
	(dd/mm/yyyy)	*HK$*	*(dd/mm/yyyy)*					
Kwok Kin Chung Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Yu Linda, Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
Lau Kin Hon, Executive Director	09/04/2014	0.2275	09/04/2014 — 08/04/2023	20,000,000	—	—	—	20,000,000
			Sub-total	60,000,000	—	—	—	60,000,000
Employees and Other Participants	09/04/2014	0.2275	09/04/2014 — 08/04/2023	40,000,000	—	—	—	40,000,000
			Total	100,000,000	—	—	—	100,000,000
Weighted average exercise price				0.2275	—	—	—	0.2275

33. RETIREMENT BENEFIT PLANS

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

34. BANKING FACILITIES

At the end of the reporting period, the Group has the following overdraft and bank loan facilities:

	2019 *HK$*	2018 *HK$*
Overdraft facilities	**15,000,000**	15,000,000
Revolving loan facilities	**34,500,000**	14,500,000
	49,500,000	29,500,000
Facilities utilised	**2,000,000**	—

Bank fixed deposits amounting to HK$10,000,000 (2018: HK$5,000,000) have been pledged and corporate guarantee from the Company has been provided to secure the banking facilities granted to the Group. As at 31 March 2019, the Group has available banking facilities of HK$47,500,000 (2018: HK$29,500,000) which were not utilised.

35. OPERATING LEASES COMMITMENTS

The Group as lessee

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

	2019 *HK$*	2018 *HK$*
Within one year	**2,707,699**	2,129,405
In the second to fifth year inclusive	**4,851,294**	—
	7,558,993	2,129,405

Operating lease payments represent rental payable by the Group for its office premises. Operating leases are negotiated and payments are for 3 years (2018: 1 year).

36. CAPITAL COMMITMENTS

As at 31 March 2019, the Group had no capital commitments contracted but not provided in the consolidated financial statements (2018: HK$nil).

37. RELATED PARTY TRANSACTIONS

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

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

Name of related party	Relationship	**2019** ***HK$***	2018 *HK$*
Commission and brokerage income from securities trading:			
— Ms. Au and her associate	Substantial shareholder	**9,214**	8,292
— CAAL Capital Limited	Wholly-owned by Ms. Au	**961,892**	956,438
— Au Yik Fei	Associate of Ms. Au	**—**	100
— Au Nim Bing	Associate of Ms. Au	**813**	1,035
— Au Yuk Kit	Associate of Ms. Au	**200**	1,142
— Yu Linda	Director	**255**	877
Commission and brokerage income from future trading:			
— CAAL Capital Limited	Wholly-owned by Ms. Au	**—**	3,382
Interest expense on shareholder loan			
— Zillion Profit Limited	Ultimate holding company	**(8,121)**	—

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

Name of related party	Relationship	**2019** ***HK$***	2018 *HK$*
Trade receivables (payables)			
— Ms. Au	Substantial shareholder	**(1,620,875)**	615,833
— CAAL Capital Company Limited	Wholly-owned by Ms. Au	**144,762**	(406,417)
— China Merit International Holdings Limited	Wholly-owned by Ms. Au	**(31,854)**	—
— Au Yik Fei	Associate of Ms. Au	**529,932**	64,517
— Au Yuk Kit	Associate of Ms. Au	**(150,748)**	(141,563)
— Kitty Au Nim Bing	Associate of Ms. Au	**(651)**	(2,671,306)

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

37. RELATED PARTY TRANSACTIONS (Continued)

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

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

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

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

	2019 ***HK$***	2018 *HK$*
Short-term benefits	**2,507,764**	2,552,260
Post-employment benefits	**54,000**	54,000
	2,561,764	2,606,260

(d) Shareholder loan

During the year ended 31 March 2019, the Group entered into a loan agreement with its shareholder, Zillion Profit Limited, the movement of the shareholder loan is as follows:

	2019 ***HK$***	2018 *HK$*
Balance at the beginning of the year	**—**	—
Loan raised from the shareholder	**13,000,000**	—
Loan repaid to the shareholder	**(13,000,000)**	—
Balance at the end of the year	**—**	—

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's consolidated statement of financial position; or
- are subject to an enforceable master netting arrangement or similar agreements that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

The Group currently has a legally enforceable right to set off the trade receivables from clearing houses and margin clients and the trade payables to them respectively, and it intends to settle on a net basis.

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

For the trade receivables or payable to cash clients, they do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default. If addition, the Group does not intend to settle the balances on a net basis.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

The gross amounts of the recognised financial assets and financial liabilities and their net amounts as presented in the Group's consolidated statement of financial position are as follows:

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral pledged	
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2019						
Financial assets						
Trade receivables						
— Clearing house and brokers *(note 20)*	14,167,365	—	14,167,365	—	—	14,167,365
— Cash clients *(note 20)*	564,190	234,018	330,172	328,457	—	1,715
— Margin clients *(note 20)*	70,177,805	262,832	69,914,973	—	40,734,936	29,180,037
	84,909,360	496,850	84,412,510	328,457	40,734,936	43,349,117
Financial liabilities						
Trade payables						
— Clearing house and brokers *(note 26)*	—	—	—	—	—	—
— Cash clients *(note 26)*	32,081,593	234,018	31,847,575	—	—	31,847,575
— Margin clients *(note 26)*	118,472,680	262,832	118,209,848	—	—	118,209,848
	150,554,273	496,850	150,057,423	—	—	150,057,423

38. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (Continued)

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements (Continued)

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial assets/ liabilities set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		
				Financial instruments	Financial collateral pledged	Net amount
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2018						
Financial assets						
Trade receivables						
— Clearing house and brokers *(note 20)*	5,386,996	159,987	5,227,009	—	—	5,227,009
— Cash clients *(note 20)*	1,269,442	372,962	896,480	880,500	—	15,980
— Margin clients *(note 20)*	78,485,448	910,000	77,575,448	—	46,502,127	31,073,321
	85,141,886	1,442,949	83,698,937	880,500	46,502,127	36,316,310
Financial liabilities						
Trade payables						
— Clearing house and broker *(note 26)*	159,987	159,987	—	—	—	—
— Cash clients *(note 26)*	26,634,596	372,962	26,261,634	—	—	26,261,634
— Margin clients *(note 26)*	61,037,184	910,000	60,127,184	—	—	60,127,184
	87,831,767	1,442,949	86,388,818	—	—	86,388,818

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of company	Place of incorporation/ operation	Paid up capital/ Ordinary share capital	Attributable equity interest and voting power of the Group Directly 2019	Directly 2018	Indirectly 2019	Indirectly 2018	Principal activities
CL Group (BVI) Limited	British Virgin Islands	Ordinary share US$1	**100%**	100%	**—**	—	Investment holding
Cheong Lee Securities Limited	Hong Kong	Paid up capital HK$40,000,000	**—**	—	**100%**	100%	Provision of securities and futures brokerage and trading, placing and underwriting services, loan and financing service and securities advisory services
CL Asset Management Limited	Hong Kong	Paid up capital HK$500,000	**—**	—	**100%**	100%	Investment holding
Green Wealth Group Limited	British Virgin Islands	Ordinary share US$1	**—**	—	**100%**	100%	Investment holding
Blooming Business Holdings Limited	British Virgin Islands	Ordinary share US$1	**—**	—	**100%**	100%	Investment holding
CLC Finance Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Provision of money lending service
CLC Immigration Consulting Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Inactive
Capital Global (BVI) Limited	British Virgin Islands	Ordinary share US$100	**—**	—	**100%**	100%	Investment holding
Capital Global Wealth Management Limited	Hong Kong	Paid up capital HK$100,000	**—**	—	**100%**	100%	Provision of wealth management service
Million Genius Investment Limited	Hong Kong	Paid up capital HK$1	**—**	—	**100%**	100%	Inactive

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank Borrowings (note 28) HK$	Bank loan interest payables HK$	Dividend payables (note 15) HK$	Shareholder loan HK$	Shareholder loan interest payable HK$	Total HK$
At 1 April 2017	12,200,000	—	—	—	—	12,200,000
Changes from financing cash flows:						
Raised	47,400,000	—	—	—	—	47,400,000
Repayment	(59,600,000)	(145,003)	(22,000,000)	—	—	(81,745,003)
Other changes:						
Interest expense	—	145,003	—	—	—	145,003
Dividend declared	—	—	22,000,000	—	—	22,000,000
At 31 March 2018 and 1 April 2018	—	—	—	—	—	—
Changes from financing cash flows:						
Raised	38,600,000	—	—	13,000,000	—	51,600,000
Repayment	(36,600,000)	(139,860)	(22,000,000)	(13,000,000)	(8,121)	(71,747,981)
Other changes:						
Interest expense	—	139,860	—	—	8,121	147,981
Dividend declared	—	—	22,000,000	—	—	22,000,000
At 31 March 2019	2,000,000	—	—	—	—	2,000,000

FINANCIAL SUMMARY

For the year ended 31 March 2019

	2019 HK$	2018 HK$	2017 HK$	2016 HK$	2015 HK$
Results					
Revenue	**48,141,146**	50,972,653	64,420,193	65,373,146	50,573,547
Profit from operations	**15,769,012**	20,691,304	51,589,401	27,124,519	27,626,365
Finance cost	**(147,981)**	(145,003)	(463,633)	(334,540)	(29,632)
Profit before tax	**15,621,031**	20,546,301	51,125,768	26,789,979	27,596,733
Income tax expenses	**(3,103,053)**	(4,077,092)	(8,383,142)	(5,650,735)	(4,971,853)
Profit for the year	**12,517,978**	16,469,209	42,742,626	21,139,244	22,624,880
Profit for the year attributable to:					
Owners of the Company	**12,517,978**	16,469,209	42,738,543	21,090,715	22,675,357
Non-controlling interests	**—**	—	4,083	48,529	(50,477)
	12,517,978	16,469,209	42,742,626	21,139,244	22,624,880
Basic earnings per share *(HK cents)*	**0.57**	0.75	1.94	0.96	2.06
Assets and liabilities					
Total assets	**395,235,104**	338,160,540	293,027,747	300,526,733	298,659,888
Total liabilities	**157,973,708**	91,417,122	40,753,538	68,963,911	66,236,310
Shareholders' funds	**237,261,396**	246,743,418	252,274,209	231,562,822	232,423,578