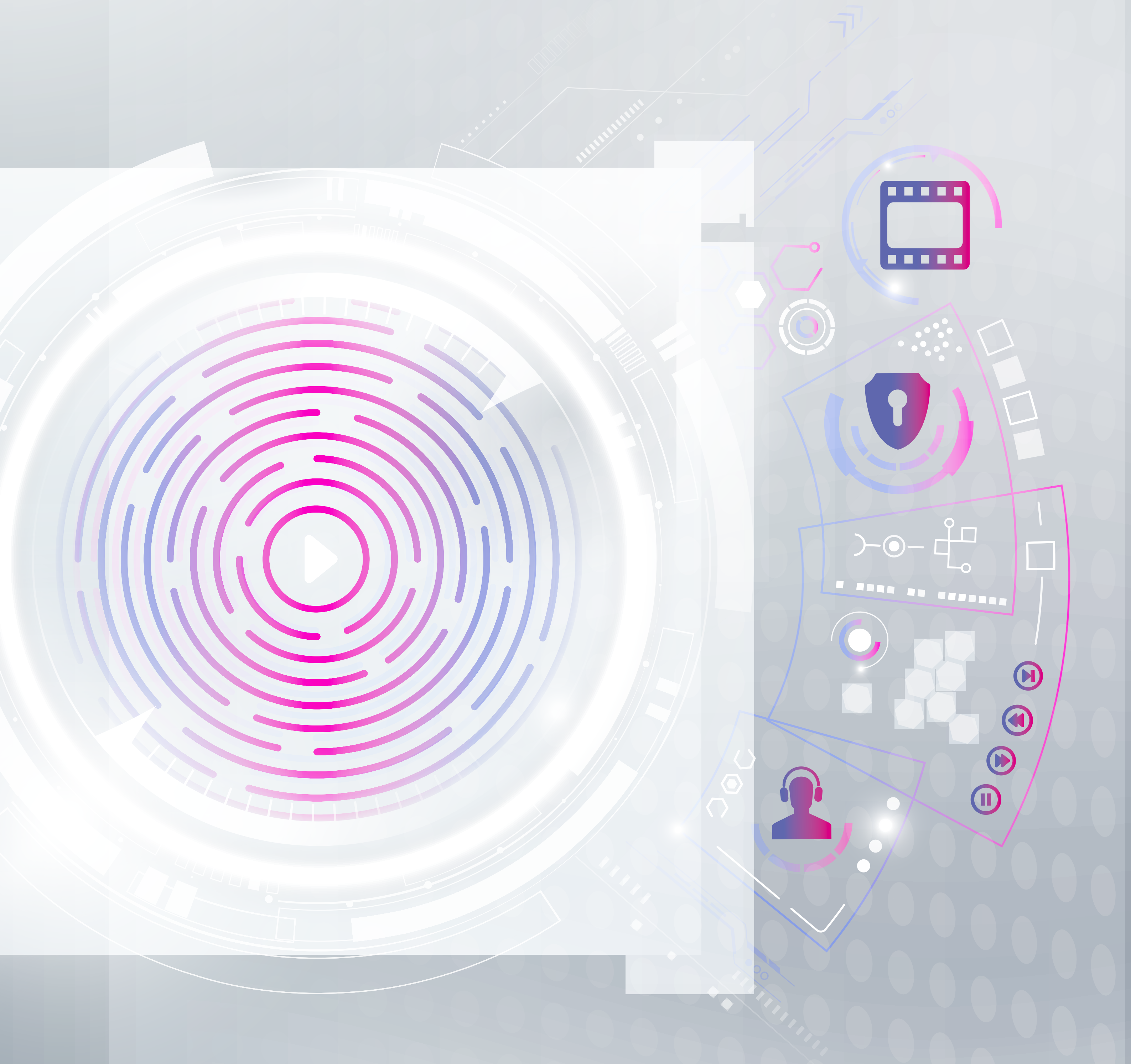
hmvod Limited
hmvod視頻有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8103)



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

Given the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 hmvod Limited (the "Company", together with its subsidiaries, the "Group") 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

BOARD OF DIRECTORS

Executive Directors

Mr. Lau Kelly *(Chief Executive Officer)*
Mr. Leung Chung Nam *(resigned on 20 July 2018)*
Ms. Ho Chi Na
Mr. Yuen Koon Tung *(re-designated on 20 July 2018)*

Independent non-executive Directors

Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*
Mr. Hau Chi Kit
Mr. Ho Siu King, Stanley *(appointed on 20 July 2018)*
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*

COMPANY SECRETARY

Mr. Chung Man Wai, Stephen

COMPLIANCE OFFICER

Mr. Lau Kelly

AUTHORISED REPRESENTATIVES

Mr. Leung Chung Nam *(resigned on 20 July 2018)*
Mr. Chung Man Wai, Stephen *(resigned on 30 November 2018)*
Mr. Lau Kelly *(appointed on 20 July 2018)*
Mr. Yuen Koon Tung *(appointed on 30 November 2018)*

AUDIT COMMITTEE

Ms. Ho Siu King, Stanley *(Chairman) (appointed on 20 July 2018)*
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*
Mr. Hau Chi Kit
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*

REMUNERATION COMMITTEE

Ms. Ho Siu King, Stanley *(Chairman) (appointed on 20 July 2018)*
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*
Mr. Hau Chi Kit
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*

NOMINATION COMMITTEE

Ms. Ho Siu King, Stanley *(Chairman) (appointed on 20 July 2018)*
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*
Mr. Hau Chi Kit
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*

AUDITOR

Elite Partners CPA Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 29/F.,
CKK Commercial Centre
289–295 Hennessy Road
Wanchai, Hong Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

Union Registrars Limited
Suites 3301–04, 33/F.
Two Chinachem Exchange Square
338 King's Road, North Point
Hong Kong

STOCK CODE

08103

WEBSITE

www.hmvod.com.hk

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

During the year ended 31 March 2019, the Group recorded a turnover of approximately HK$209.4 million (2018: HK$241.2 million) representing a decrease of approximately 13.20% as compared to that of the corresponding year in 2018. The overall decrease in turnover primarily due to decrease in sale proceeds of financial assets at fair value through profit or loss from approximately HK$188.0 million for the year ended 31 March 2018 to approximately HK$151.9 million for the year ended 31 March 2019 and discontinued the operation in systems development and property investment during the year. However, the impact was also counteracted by the increase in OTT service income of approximately HK$51.6 million for the year ended 31 March 2019 (2018: HK$30.4 million) representing an increase of approximately 69.93% as compared to that of the corresponding year in 2018. Other expenses (including legal and professional fee, rental expense; and bank and securities charges) increased to approximately HK$27.0 million as compared to approximately HK$24.2 million of the previous corresponding year, representing an increase of approximately 11.48%. Finance costs decreased to approximately HK$21.4 million as compared to approximately HK$30.4 million as compared of the previous corresponding year, representing a decrease of approximately 29.77%. Loss attributable to the owners was approximately HK$33.6 million for the year ended 31 March 2019 (2018: loss of approximately HK$86.1 million).

BUSINESS PERFORMANCE AND PROSPECT

Professional services

In view of the change of business environment, the Company has strategically broadened our services in cyber security services and solutions.

Our professional service team provide services and solutions in cyber security, including ramp up model advisory, physical and cyber security assessments, build and design of secured IT architecture, implementation of security devices and IT business policy controls.

Our professional service team specialises in enterprise cyber security solutions and risk management, providing a full range of security services and solutions to corporations in the Greater China and Asia Pacific region.

Our Professional Service Team also provide a series of highly skilled services including all level Penetration testing, complete coverage of Vulnerability management as well as DDoS protection.

Our MSS team can provide a full scale security Managed Security Services, from Firewall healthiness, critical patch management, Attack and Alert, incident management and change management, to endpoint management in order to cover the end-user machines.

MANAGEMENT DISCUSSION AND ANALYSIS

Our professional service team mainly provides four major information security services which are summarised as follows:

1. *IT Security General Control Review and Security Risk Assessment*

We adopts a proven, four-phase security methodology to conduct IT Security General Control Review and Security Risk Assessment services. This methodology has proved itself through many global case studies and offers a repeatable solution with predictable results time after time. Below is an illustration of the methodology:

a) Discovery – The objective of this phase is to 'footprint' the current security status of the scoped IT Systems components;

b) Analysis – The objectives of this phase are to determine the risk level of identified loophole, and to determine the possible attack scenarios;

c) Exploitation – Upon discovery of any loophole that could further be penetrated, exploitation will be carried out to determine the penetration depth of the loophole;

d) Remediation and Auditing – upon completion of the security risk assessment and analysis, we will provide a complete report listing.

2. *External and Internal Penetration Tests*

Our Network Security Assessment is conducted through Internet targeting towards the customer's Internet facing external network (e.g. public domain or sub-domains) and from Internal network to all internal servers. The focus of this test is to simulate an attack from a skillful black-hat attacker, in order to dig out the vulnerabilities.

3. *Risk-based cyber security protection safeguard and implementation*

Our risk-based cyber security approach will evaluate best practices and technology solutions or services to address the top priority security risks of the client through:

a) Gathering and verifying requirement;

b) Design system Architecture;

c) Procure the best-fit technology solutions or services;

d) Implement, configure and strengthen the technology solutions or services;

e) To assist our client to reengineer IT and business processes based on best practices.

MANAGEMENT DISCUSSION AND ANALYSIS

4. *24x7 Managed IT and Security Services Outsourcing*

We aim to assist our clients to maintain a healthy IT environment by monitoring, managing, operating IT assets such as:

a) General IT Assets: desktops, servers, network devices;

b) IT Security assets: firewall, IPS, malware protection;

c) Provide a dedicated client single point of contact (SPOC) for IT and cyber security related services, problem and incidents enquires;

d) Incident and problem response and management.

Professional services recorded an increase in revenue to approximately HK$3.6 million for the year ended 31 March 2019 (2018: 3.1 million).

Proprietary trading business

In relation to the Group's proprietary trading business, the global market has been highly volatile in 2018. Although Asian market including Hong Kong has attracted capital inflow across the world, the market is still filled with a lot of uncertainties such as the trigger of trade war and the effect of contractionary monetary policy from US. The turnover in proprietary trading business recorded approximately HK$151.9 million for the year ended 31 March 2019 (2018: HK$188.0 million). The securities investment portfolio amounted to approximately HK$ Nil as at 31 March 2019 (2018: HK$62.8 million). The Group will adopt a prudent approach in identifying opportunities in securities investment which will create value and will be beneficial to the Group and Shareholders. The Group also maintains a risk management policy in which key risk factors such as government and politic risks, country risks, price risks, interest rate risks, currency risks and economic risks have been identified and will be closely monitored.

Money lending business

Though the loan and credit market became very active and intense competition existed during the past few years as a result of the rapid booming housing market in Hong Kong and the global low interest rate environment, the Board is confident that through its long established relationship, history, reputation, network and synergy, the Group is able to participate in the market share of the money lending business and it will become one of the driver of its future profits of the Group. In view of the above, the Board will invest more resources into the business once financing resources have been obtained. In addition to the consumable loan, the Company is planning to offer a variety of loan products to secured mortgage loans to individual, unsecured loan, small and medium sized enterprises loans, debts consolidation loan and corporate loans. Despite the above, the money lending business is suffering from political risk, regulatory risk, credit risk, economic risk and industry risk. The interest income in money lending business recorded approximately HK$60,000 for the year ended 31 March 2019 (2018: HK$0.3 million). The loan portfolio amounted HK$Nil million as at 31 March 2019 (2018: HK$0.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

OTT Services

OTT services is providing multi-media related services and content in the PRC via different platforms. In view of the growing penetration and expansion of multi-media segment, the Group is optimistic to such business segment. In addition, consumers are moving beyond traditional media, the multi-media platform is an option used by many companies to brand and market their products. As such, the multi-media platform is playing an increasingly vital role in business marketing strategy. Having considered that our OTT services is equipped with experience in the industry with diversified clientele and being specialized in the provision of OTT services of video-on-demand in Hong Kong and Taiwan via its own digital video rental platform. The revenue in OTT services recorded approximately HK$51.6 million for the year ended 31 March 2019 (2018: HK$30.4), representing a significant increase of approximately 69.93% compared with the corresponding period in 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2019, the deficit attributable to owners of the Company amounted to approximately HK$83.5 million (2018: HK$54.7 million). Current assets amounted to approximately HK$26.5 million (2018: HK$118.5 million), of which approximately HK$2.6 million (2018: HK$5.7 million) were cash and cash equivalents and approximately HK$Nil million were pledged bank deposit (2018: HK$1.0 million). Current liabilities were approximately HK$177.7 million (2018: HK$378.9 million) mainly include trade and other payables, bank and other borrowings and promissory note. Bank and other borrowings amounted to approximately HK$64.0 million as at 31 March 2019 (2018: HK$207.8 million).

During the year under review and until the date of this report, the Company has not made any issue for cash of equity securities.

The Board continues to look for opportunities to attract more investors, extend the shareholders base, reduce the accumulated loss and improve the flexibility of fund raising.

GEARING RATIO

The gearing ratio was calculated on the basis of total liabilities over shareholders' equity. Since the Company recorded a deficit attributable to owners of the Company in 31 March 2018 and 2019, the gearing ratio was not applicable for the both years.

FOREIGN CURRENCY EXPOSURE

During the year ended 31 March 2019, the Group experienced only immaterial exchange rate fluctuations, as the Group's operations were mainly denominated in Hong Kong dollars. As the risk on exchange rate difference considered being minimal, the Group did not employ any financial instruments for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES DURING THE YEAR UNDER REVIEW

The Company entered into the swap agreement on 9 May 2018 with the creditor pursuant to which the Company has conditionally agreed to swap the entire issued share capital of Top Insight Holdings Limited ("Target Share") at the consideration of HK$136 million with the creditor for (i) the Loan and (ii) the provision of the credit facility such that immediately after the completion, the creditor (or its nominee) shall acquire the Target Share in exchange of the assignment of the Loan and provision of the credit facility to the Company (the "Swap"). The Top Insight Holdings Limited through its wholly-owned subsidiary, which is the legal and beneficial owner of the situated at the 9th Floor, Global Trade Square, No. 21 Wong Chuk Hang Road, Hong Kong, together with 3 car parking spaces at Global Trade Square. The Creditor is the legal and beneficial owner of the Loan. Immediately after the signing of the swap agreement, the Company and the creditor have entered into the credit facility agreement pursuant to which the creditor grants the credit facility to the Company. The Swap was completed on 10 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 27 July 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Tongfang Electronic Company Limited, a directly wholly owned subsidiary of the Company, and its subsidiaries (collectively "Tongfang Group") at the consideration of HK$100,000. Tongfang Group are principally engaged in research, development and provision of integrated management information system for power plants and for banks in the PRC. The business is principally divided into system development and professional services, of which include consultancy, information technology engineering and technical support services in relation to the development of new system products that is tailor made in accordance with clients' specification. The transaction has completed on 27 July 2018.

The Company and the purchaser entered into the sale and purchase agreement on 21 May 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Jovial Tycoon Holdings Limited, the indirectly wholly owned subsidiary of the Company at the consideration of HK$100 million. Jovial Tycoon Holdings Limited owns 20% shareholding interest of the project group which is principally engaged in the operation of the project, a Build-Operate-Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The consideration of HK$100,000,000 will be satisfied upon Completion by way of setting off with the principal value of HK$100 million promissory note which issued by the Company in favour of the purchaser in full. Moreover, upon Completion, the purchaser will waive all interest accrued on the promissory note payable by the Company to the purchaser. The transaction has completed on 13 November 2018.

Company	**Year ended 31 March 2019 Realised and unrealised loss** *HK$'000*
Goldin Financial Holdings Limited	(2,501)
Inno-tech Holdings Limited	(1,725)
Code Agriculture (Holdings) Limited	(1,440)
CNC Holdings Limited	(1,388)
Others	(19)
Net realised loss	(7,073)

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to look for opportunities to create shareholders' value through making investments into and/or acquiring interests in companies or projects that have promising outlooks and prospects. The Group is broadening its perspective beyond the IT sector and potentially also invest into and/or make acquisitions in other industries (including renewable energy and other "green" businesses, the financial industry, and more traditional non-IT businesses) so long as such investments/acquisitions can bring value and are beneficial to the Company and its shareholders as a whole. It goes without saying that the Company will also continue to focus on existing business to bring further value to shareholders.

SEGMENT INFORMATION

During the year under review, the Group was principally engaged in four operating segments. The Group presents its segmental information based on the nature of the products and services and has reportable segments as follows:

- professional services;
- proprietary trading;
- money lending; and
- OTT services.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group hired 26 employees including the executive Directors (2018: 27). Total staff costs including Directors' remuneration for the year under review amounted to approximately HK$9.5 million (2018: HK$10.3 million).

Employees' remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties and the current market trend. Apart from the basic salary, discretionary bonus and other incentives may be offered to the employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined by the remuneration committee of the Company having regard to the performance of the individuals and market trend. The Group provides mandatory provident fund scheme for the employees employed under the jurisdiction of the Hong Kong Employment Ordinance.

The Group has not made any changes to its remuneration policy during the year under review.

The Company adopted a share option scheme pursuant to which eligible persons may be granted options to subscribe for the shares of the Company.

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

Details of charges on the Group's assets and contingent liabilities are set out in Note 35 and Note 45 to the consolidated financial statements respectively.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

The biographical details in respect of the Directors and the senior management of the Company as at the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Lau Kelly ("Mr. Lau"), aged 40, was appointed as executive Director on 31 December 2015. Mr. Lau is the chief executive officer of the Company and the general manager of the money lending business of the Group. Prior to joining the Group, Mr. Lau has worked with the Hong Kong Police Force for twelve years receiving commendations from Secretary of Civil Service and Secretary of Home Affairs for highly rated performances during his tenure. Mr. Lau has worked with Easy Finance Limited as Principal Consultant from 1 May 2011 to 31 October 2015 responsible for all regulatory and legal compliances.

Ms. Ho Chi Na ("Ms. Ho"), aged 39, was appointed as executive Director on 1 November 2017. Ms. Ho is a director of Anyplex Hong Kong Limited and Anyplex Taiwan Limited, subsidiaries of the Company. She has over 15 years of experience in TV and digital industry and was a Head of Pay TV department in Hong Kong Broadband Network Limited from 2009 to 2012. She then joined Anyplex Hong Kong Limited as general manager in 2012 and was promoted to CEO in 2016 with her tremendous contribution to OTT services growth. Ms. Ho received her bachelor's degree in business administration from the City University of Hong Kong in 2001 and master degree in business administration from University of Hong Kong in 2013.

Mr. Yuen Koon Tung, aged 46, was appointed as an independent non-executive Director on 1 November 2017 and re-designated as an executive director on 20 July 2018. Mr. Yuen is an associate director of Convoy Financial Services Limited since January 2003. Mr. Yuen worked in the investment banking department of Core Pacific-Yamaichi Capital Limited and the compliance department and corporate finance department in Credit Agricole Indosuez. Mr. Yuen worked in the Listing Division of the Stock Exchange from September 1997 to June 2000 and the audit department of Ernst & Young from September 1994 to April 1997. Mr. Yuen received his bachelor's degree in business administration with a concentration in finance from the Chinese University of Hong Kong in 1994. He was admitted as a member of the American Institute of Certified Public Accountants on 30 April 2000.

Mr. Yuen was an independent non-executive director of DreamEast Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 593) from 7 March 2014 to 30 June 2014, and was an executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on the GEM of the Stock Exchange from 26 January 2017 to 30 January 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Hau Chi Kit, aged 47, was appointed as an independent non-executive Director on 4 March 2016. He is currently an independent non-executive director of Xinyang Maojian Group Limited (stock code: 362) and eForce Holdings Limited (stock code: 943), both being companies whose shares are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Code Agriculture (Holdings) Limited whose shares are listed on the GEM of the Stock Exchange. Mr. Hau was a barrister-at-law in private practice in Hong Kong from 2001 to 2008. Prior to becoming a barrister, Mr. Hau worked at the Securities and Futures Commission. Mr. Hau is a solicitor.

Mr. Ho, aged 31, was appointed as an independent non-executive Director on 20 July 2018. He is currently a practicing barrister in Hong Kong. His areas of practice include civil and criminal law. He is an independent non-executive director of Easy Repay Finance & Investment Limited (Stock code: 8079), whose shares listed on the GEM of the Stock Exchange. Mr. Ho holds a Master of Laws degree from the London School of Economics and Political Science, and Bachelor of Laws and Bachelor of Engineering (Civil Engineering and Laws) degrees from the University of Hong Kong.

Mr. Ho was an independent non-executive director of Chinese Food and Beverage Group Limited (stock code: 8272), a company listed on the GEM of the Stock Exchange from 26 January 2017 to 19 February 2019.

DIRECTORS AND SENIOR MANAGEMENT PROFILE

Mr. Ma, aged 40, was appointed as an independent non-executive Director on 20 July 2018. He is currently a barrister-at-law at Wellington Chambers. He was admitted to practice law as a barrister in the High Court of Hong Kong in 2006. Mr. Ma is also an independent non-executive director of Chinese Food and Beverage Group Limited (Stock code: 8272), a company listed on the GEM of the Stock Exchange. Mr. Ma holds a Postgraduate Certificate in Laws from The University of Hong Kong, a Graduate Diploma in Law from The Nottingham Trent University and a Bachelor's degree in Business Administration from Simon Fraser University.

SENIOR MANAGEMENT

Mr. Lau Kelly, aged 40, is the compliance officer of the Company. Mr. Lau, an executive Director of the board of Directors, was appointed as the Company's compliance officer on 29 April 2016. Please refer to the sub-section headed "Executive Directors" above for Mr. Lau's biographical details.

Mr. Chung Man Wai, Stephen, aged 40, was appointed as a company secretary of the Company on 3 December 2015. He was the chief financial officer and company secretary of UKF (Holdings) Limited (stock code: 1468) before joining the Company. Mr. Chung holds a Bachelor's degree of Science in Applied Accountancy from Oxford Brookes University in United Kingdom. He is a member of Hong Kong Institute of Certified Public Accountants and has extensive experience in the professional field of accounting and audit.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance in the interest of its shareholders. It has continued and will continue to identify and adopt the best corporate governance practices appropriate to the Company.

The Company has adopted the code provisions of the Corporate Governance Code (the "Code") contained in Appendix 15 of the GEM Listing Rules as its own code on corporate governance practices. Save as disclosed below, in the opinion of the Directors, the Company has complied with the code provisions as set out in the Code and there have been no material deviations from the Code during the year.

Code provision A.6.7-(i) One executive Director and three independent non-executive Directors were unable to attend the extraordinary general meetings of the Company held on 6 July 2018, (ii) two independent non-executive Directors were unable to attend the annual general meeting of the Company held on 22 August 2018 and (iii) two independent non-executive Directors were unable to attend the extraordinary meeting of the Company held on 11 September 2018 as they had other engagements.

Under code provision A.2.1 of the CG code, the role of chairman (the "Chairman") and chief executive officer (the "CEO") of the Company should be separated and should not be performed by the same individual to ensure their respective independence, accountability and responsibility. To ensure a balance of power and authority, the Company has a clear and defined division of the responsibilities between the Chairman and the CEO in accordance with the Code. The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development.

Subsequent to the resignation of former Chairman, the post has been vacant as at 31 March 2019. The Board will keep reviewing the current structure of the Board from time to time and the Company will make appointment with suitable knowledge, skill and experience to fill the post of the Chairman as appropriate.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' transactions in securities of the Company.

Having made specific enquiry, all Directors have confirmed that they have complied with the required standard of dealings and there is no event of non-compliance throughout the year ended 31 March 2019.

BOARD OF DIRECTORS

The Board is responsible for the formulation of strategies and policies, including an oversight of the management. The management of the Company is responsible for the day-to-day operations of the Company under the leadership of the chief executive officer.

The Board also assumes the corporate governance duties of the Company, which include:

(i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

(ii) reviewing and monitoring the training and continuous professional development of Directors and senior management;

(iii) reviewing and monitoring the Company's policies and practices in compliance with the legal and regulatory requirements;

CORPORATE GOVERNANCE REPORT

(iv) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and

(v) reviewing the Company's compliance with the Code and disclosure in the corporate governance report enclosed in the annual report of the Company.

Throughout the year under review, the Board has assumed the above corporate governance duties by discussing and considering the above matters.

As at 31 March 2019, the Board comprised of six Directors, including (i) three executive Directors, namely Mr. Lau Kelly, Ms. Ho Chi Na and Mr. Yuen Koon Tung; and (ii) three independent non-executive Directors, namely Mr. Hau Chi Kit, Mr. Ho Siu King, Stanley and Mr. Ma Stephen Tsz On. All of the independent non-executive Directors have appropriate professional qualifications, or accounting or related financial management expertise.

In determining the independence of independent non-executive Directors, the Board has followed the requirements set out in the GEM Listing Rules. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmation, the Company is of the view that all the independent non-executive Directors have met the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and considers that they are independent.

Pursuant to the articles of association of the Company, at each annual general meeting, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not more than one-third, shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Board meets regularly, and at least four times a year of approximately quarterly internals. Between scheduled meetings, senior management of the Company from time to time meets with Directors to discuss the businesses of the Company. In addition, Directors have full access to information on the Group and independent professional advice whenever deemed necessary by the Directors.

During the financial year ended 31 March 2019, the Board held fourteen board meetings and three general meetings and the attendance records of these meetings are set out below:

	Attendance	
	Board meeting	**General meeting**
Executive Directors		
Mr. Lau Kelly	14/14	3/3
Mr. Leung Chung Nam *(resigned on 20 July 2018)*	6/6	0/1
Ms. Ho Chi Na	6/14	2/3
Mr. Yuen Koon Tung *(re-designed on 20 July 2018)*	9/14	2/3
Independent non-executive Directors		
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*	2/8	0/3
Mr. Hau Chi Kit	8/16	0/3
Mr. Ho Siu King, Stanley *(appointed on 20 July 2018)*	5/7	2/2
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*	4/7	2/2

There is no relationship (including financial, business, family or material/relevant relationship(s)) among members of the Board.

CORPORATE GOVERNANCE REPORT

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

Pursuant to the code provision A.6.5 of the Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Director.

During the year under review, all Directors have been provided with and read the materials prepared by the Company relating to their roles, functions and duties as directors of a listed issuer.

The Directors also provided their training record to the Company in respect of their participation in other training activities such as attending trainings and/or seminars, or reading newspapers, journals and updates relevant to the Group's businesses or to their duties and responsibilities as directors of a listed company, particulars of which are as follows:

Name	Trainings
Executive Directors	
Mr. Lau Kelly	✔
Mr. Leung Chung Nam *(resigned on 20 July 2018)*	✔
Ms. Ho Chi Na	✔
Mr. Yuen Koon Tung *(re-designed on 20 July 2018)*	✔
Independent non-executive Directors	
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*	✔
Mr. Hau Chi Kit	✔
Mr. Ho Siu King, Stanley *(appointed on 20 July 2018)*	✔
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*	✔

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flows of the Group for that year. In preparing the consolidated financial statements for the year ended 31 March 2019, the Board has selected suitable accounting policies and applied them consistently; made judgements and estimates that are prudent, fair and reasonable and prepared the accounts on a going concern basis.

The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for ensuring an effective system of risk management and internal control be maintained and for reviewing on an annual basis its effectiveness to safeguard the Company's assets and the Shareholders' interests.

The Audit Committee have been established under the Board, which is responsible for monitoring and reviewing the risk management procedures and internal control system of the Group.

The purpose of the Company's risk management process is to identify and manage risks in such a way that the Company is able to meet its strategic and financial targets. The Group formulated risk management procedures by taking into account adequately the eight elements of this risk management framework: Internal Environmental, Objective Setting, Event Identification, Risk Assessment, Risk Respond, Control Activities, Information and Communication and Monitoring.

The Group aims to develop risk awareness and control responsibility as our culture and the foundation of our internal control system. The internal control system applies to the Group's critical business processes including strategy development, business planning, investment decisions, capital allocation and day-to-day operations.

At beginning of each year, the Group conducts a risk assessment on the existing or potential risks that may impact the achievement of business objectives over the course of business operation. The assessment includes potential likelihood and impact of the identified risks. For the risks identified, the management determines the action plans and management targets in the expected time of completion according to the risk assessment result. The management is also responsible for managing their respective day-to-day operating risks, implementing measures to mitigate such risks.

The internal control system is designed and implemented to reduce the risks associated with the business accepted by the Group and minimise the adverse impact resulted from the risks. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

For the year ended 31 March 2019, the Group has engaged an external advisory firm to undertake the internal audit function to ensure the effectiveness and efficiency of the risk management and internal control system of the Group. There is no significant deficiency and weakness on the internal control system has been identified by the external advisory firm for the year ended 31March 2019.

The Board considered that, for the year ended 31 March 2019, the risk management and internal control system and procedures of the Group, covering all material controls were reasonably effective and adequate.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established in 2005 with written terms of reference. As at 31 March 2019, the chairman of the Remuneration Committee was Mr. Ho Siu King, Stanley, an independent non-executive Director, and the other members were Mr. Hau Chi Kit and Mr. Ma Stephen Tsz On. All members were independent non-executive Directors.

Pursuant to the terms of reference of the Remuneration Committee, the Remuneration Committee is mainly responsible for:

(i) making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(ii) having the delegated responsibility to determine the specific remuneration packages of all executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and making recommendations to the Board of the remuneration of non-executive Directors, and the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;

(iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(iv) reviewing and approving the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(v) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(vi) ensuring that no Director or any of his associates is involved in deciding his own remuneration; and

(vii) advising shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under Rule 17.90 of the GEM Listing Rules.

During the financial year ended 31 March 2019, the Remuneration Committee held one meeting, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*	1/1
Ms. Ho Siu King, Stanley *(Chairman) (appointed on 20 July 2018)*	N/A
Mr. Hau Chi Kit	1/1
Mr. Yuen Koon Tung *(re-designated to executive Director on 20 July 2018)*	N/A
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*	N/A

During the year under review, the Remuneration Committee has considered and reviewed the existing terms of appointment of the Directors. The Remuneration Committee considers that the existing terms of appointment of the Directors are fair and reasonable.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") was established in 2012 with written terms of reference. As at 31 March 2019, the Chairman of the Nomination Committee was Mr. Ho Siu King, Stanley, an independent non-executive Director, and the other members were Mr. Hau Chi Kit and Mr. Ma Stephen Tsz On. All members were independent non-executive Directors.

Pursuant to the terms of reference of the Nomination Committee, the Nomination Committee is mainly responsible for:

(i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the board regarding any proposed changes;

(ii) identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(iii) assessing the independence of independent non-executive Directors; and

(iv) making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors in particular the chairman and the chief executive officer.

During the financial year ended 31 March 2019, the Nomination Committee held two meetings, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*	1/1
Mr. Ho Siu King *(Chairman) (appointed on 20 July 2018)*	1/1
Mr. Hau Chi Kit	2/2
Mr. Yuen Koon Tung *(re-designated to executive Director on 20 July 2018)*	N/A
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*	0/1

The Company adopted a board diversity policy which sets out the approach to achieve diversity on the Board and the factors (including but not limited to age, gender, cultural and educational background, professional experience, skill and knowledge) to be considered in determining the optimum composition of the Board so as to contribute to the achievement of the Company's corporate goals and strategic objectives. The Nomination Committee will review the board diversity policy when appropriate to ensure its effectiveness and will discuss any revisions that may be required to be considered and approved by the Board.

The Nomination Committee is of the view that the current diversity of the Board is appropriate.

During the year under review, the Nomination Committee has considered and reviewed the policy for the nomination of Directors, the process and criteria to select and recommend candidates for directorship. The Nomination Committee considers that the existing policy for nomination, selection and recommendation for directorship are suitable.

AUDIT COMMITTEE

In full compliance with Rule 5.28 of the GEM Listing Rules, the audit committee of the Company (the "Audit Committee") was established in 2000 with written terms of reference. As at 31 March 2019, the chairman of the Audit Committee was Mr. Ho Siu King, Stanley, an independent non-executive Director, and the other members were Mr. Hau Chi Kit and Mr. Ma Stephen Tsz On. All members were independent non-executive Directors.

Pursuant to the terms of reference of the Audit Committee, the Audit Committee is mainly responsible for:

(i) considering the appointment of the external auditor, the performance of the external auditors, the audit fee and any questions of resignation or dismissal of the external auditor;

(ii) reviewing with the Group's management, external auditors and internal auditors, the adequacy of the Group's policies and procedures regarding internal controls (including financial, operational and compliance controls) and any statement by the Directors on such system to be included in the annual accounts prior to endorsement by the Board;

(iii) having familiarity, through the individual efforts of its members, with the financial reporting principles and practices applied by the Group in preparing its financial statements;

(iv) prior to its commencement, reviewing the scope of the external audit, including the engagement letter, and the review should include an understanding, from the external auditors of the factors considered by them in determining their audit scope, and negotiating the external auditors' fees with management;

(v) reviewing the extent of non-audit services provided by the external auditors in relation to their independence;

(vi) reviewing the quarterly, interim and annual report prior to approval by the Board, with particular focus on:

   (a) any changes in accounting policies and practices;

   (b) major judgmental areas;

   (c) significant adjustments resulting from the audit;

   (d) compliance with accounting standards;

   (e) compliance with the listing requirements of the Stock Exchange and legal requirements;

   (f) the fairness and reasonableness of any connected transaction and the impact of such transaction on the profitability of the Group;

   (g) whether all relevant items have been adequately disclosed in the Group's financial statements and whether the disclosures give a fair view of the Group's financial conditions;

   (h) the cash flow position of the Group; and

   (i) providing advice and comments thereon to the Board;

CORPORATE GOVERNANCE REPORT

(vii) reviewing the draft representation letter prior to approval by the Board;

(viii) reviewing and considering the budget, revised budget prepared by the Board;

(ix) evaluating the cooperation received by the external auditors, including their access to all requested records, data and information; obtaining the comments of management regarding the responsiveness of the external auditors to the Group's needs; inquiring the external auditors as to whether there have been any disagreements with management which if not satisfactorily resolved would result in the issue of a qualified report on the Group's financial statements;

(x) discussing with the external auditors any relevant recommendations arising from the audit; and reviewing the draft management letter including management's response to the points raised;

(xi) when the auditors supply a substantial volume of non-audit services to the Group, keeping the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;

(xii) discussing with management the risk management and internal control systems and ensure that management has discharged its duty to have effective systems including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(xiii) appraising the Board of significant developments in the course of performing the above duties;

(xiv) recommending to the Board any appropriate extensions to, or changes, in the duties of the Audit Committee;

(xv) considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(xvi) (where an internal audit function exists) reviewing the internal audit program, ensure co-ordination between the internal and external auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Group; and

(xvii) considering other topics, as defined or assigned by the Board from time to time.

During the financial year ended 31 March 2019, the Audit Committee held five meetings, and the attendance records of these meetings are set out below:

	Attendance
Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*	1/2
Mr. Ho Siu King, Stanley *(Chairman) (appointed on 20 July 2018)*	3/4
Mr. Hau Chi Kit	4/5
Mr. Yuen Koon Tung *(re-designated to executive Director on 20 July 2018)*	1/1
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*	3/4

The audited consolidated results for the year ended 31 March 2018 have been reviewed by the Audit Committee on 29 June 2018. The results for the period ended 30 June 2018, 30 September 2018, and 31 December 2018 have been reviewed by the Audit Committee on 10 August 2018, 14 November 2018 and 11 February 2019 respectively.

The audited consolidated results of the Group for the year ended 31 March 2019 have been reviewed by the Audit Committee as at the date of this report.

CORPORATE GOVERNANCE REPORT

AUDITOR'S REMUNERATION

The audit works of the Group for the year ended 31 March 2019 and 2018 were performed by Elite Partners CPA Limited.

The total fee paid/payable in respect of the statutory audit and non-audit services provided by the external auditors is set out in the following table:

	2019	2018
	HK$'000	*HK$'000*
– Audit services	**700**	740
– Non-audit services	**278**	265
Total	**978**	1,005

COMPANY SECRETARY

Mr. Chung Man Wai Stephen ("Mr. Chung") is the company secretary of the Company.

According to the requirements of Rule 5.15 of the GEM Listing Rules, Mr. Chung has taken not less than 15 hours of relevant professional training during the financial year ended 31 March 2019.

SHAREHOLDERS' RIGHTS

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

In the event that any shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company would like to call for an extraordinary general meeting, please make a written requisition to the principal office of the Company in Hong Kong from time to time, making attention to "The Board of Directors and the Company Secretary".

There are no provisions allowing shareholders to put forward proposals at the general meetings under the memorandum and articles of association. If shareholders wish to do so, they may request to convene an extraordinary general meeting as stipulated above and specify the proposals in such written requisition.

For any enquiries, shareholders are welcome to contact the Company by post to the principal office of the Company in Hong Kong, by phone at (852) 3108 0188 or by fax at (852) 3108 0187.

CORPORATE GOVERNANCE REPORT

INVESTOR RELATIONS

All corporate communication materials published on the GEM website (http://www.hkgem.com) are posted on the Company's corporate website (http://www.hmvod.com.hk) as soon as practicable after their release. The Company's constitutional documents are also available on both websites. During the year ended 31 March 2019, there have not been any significant changes to the Company's constitutional documents.

CHANGE IN CONSTITUTIONAL DOCUMENTS

The memorandum of the Company and the Articles of Association have been amended and restated with effect from 11 September 2018, the latest version of which are available from the websites of the Company and the Stock Exchange.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND SEGMENT INFORMATION

The principal activity of the Company is investment holding and the activities of the subsidiaries are set out in Note 47 to the consolidated financial statements.

An analysis of the Group's performance for the year ended 31 March 2019 by segments are set out in Note 12 to the consolidated financial statements.

ANNUAL RESULTS

The annual results of the Group for the year ended 31 March 2019 are set out in the section headed "Consolidated statement of profit or loss and other comprehensive income" of this report.

SHARE CAPITAL

Details of the movements in share capital of the Group during the year ended 31 March 2019 are set out in Note 37 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group during the year under review are set out in the section headed "Consolidated statement of changes in equity" of this report.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 March 2019.

DISTRIBUTABLE RESERVES

The Company did not have reserves available for distribution to the shareholders as at 31 March 2019. Under the Companies Law of the Cayman Islands, the share premium of the Company amounted to approximately HK$510.6 million at 31 March 2019 is distributable to the shareholders of the Company subject to the provisions of the Company's memorandum and articles of association and provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

DIRECTORS' REPORT

BORROWINGS AND INTEREST CAPITALISED

Particulars of bank and other borrowings and bonds of the Group as at 31 March 2019 are set out in Notes 35 and 36 to the consolidated financial statements.

PLANT AND EQUIPMENT

Details of the movements in plant and equipment of the Group during the year ended 31 March 2019 are set out in Note 21 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2019, the aggregate percentage of purchases attributable to the Group's five largest suppliers accounted for approximately 80.65% of the total purchases of the Group and the largest supplier amounted to approximately 38.09%.

For the year ended 31 March 2019, the aggregate percentage of sales attributable to the Group's five largest customers accounted for approximately 88.80% of the total sales of the Group and the largest customer amounted to approximately 64.87%.

At no time during the year have the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or their associates (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in these major customers and suppliers.

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 March 2019.

RETIREMENT BENEFITS SCHEME

Details of the Group's retirement benefits scheme for the year ended 31 March 2019 are set out in Note 43 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in Note 48 to the consolidated financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under the GEM Listing Rules.

DIRECTORS' REPORT

DIRECTORS

During the year ended 31 March 2019 and up to the date of this report, the Board comprises the following Directors:

Executive Directors

Mr. Lau Kelly
Mr. Leung Chung Nam *(resigned on 20 July 2018)*
Ms. Ho Chi Na
Mr. Yuen Koon Tung *(re-designated on 20 July 2018)*

Independent non-executive Directors

Dr. Wan Ho Yuen, Terence *(resigned on 14 September 2018)*
Mr. Hau Chi Kit
Mr. Ho Siu King, Stanley *(appointed on 20 July 2018)*
Mr. Ma Stephen Tsz On *(appointed on 20 July 2018)*

The biographical details of the Directors as at the date of this report are set out in the section of "Directors and senior management profile" of this report.

DIRECTORS' SERVICE CONTRACTS

As at 31 March 2019, Mr. Lau Kelly, Ms. Ho Chi Na and Mr. Yuen Koon Tung being the executive Directors of the Company; and Mr. Ho Siu King, Stanley, Mr. Hau Chi Kit and Mr. Ma Stephen Tsz On, being the independent non-executive Directors of the Company, have entered into service contracts with the Company for an initial term of three years commencing from their dates of appointment, and their employments are subject to the rotation requirements under the articles of association of the Company.

None of the Directors has entered into any service contract with any member of the Group which in order to entitle the Company to terminate the service contract, expressly requires the Company to give a period of notice of more than 1 year or to pay compensation or make other payments equivalent to more than 1 year's remuneration, other than statutory compensation.

INDEPENDENT NON-EXECUTIVE DIRECTORS CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of his or her independence in relation to their services for the year ended 31 March 2019 pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers that each of the independent non-executive Directors is independent.

DIRECTORS' REMUNERATION

Details of the Directors' remuneration are set out in Note 20 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at 31 March 2019, none of the Directors and chief executive of the Company were interested in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which are required, pursuant to the required standard of dealing by the Directors under the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at 31 March 2019, the person (other than a director or chief executive of the Company) who have interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

Name of the shareholders	Capacity	Number of shares held	Approximate percentage of shareholding *(note 1)*
Full Times Investments Limited ("Full Times") *(note 2)*	Beneficial owner	36,777,000	25.85%
HMV Digital China Group Limited ("HMV Digital") *(note 2)*	Interest in controlled corporation	37,957,000	26.68%
	Beneficial owner	3,348,000	2.35%

Notes:

1. As at 31 March 2019, the issued share capital of the Company was 142,256,878 shares.

2. 37,957,000 shares refer to the aggregate of (a) 36,777,000 shares held by Full Times and (b) 1,180,000 shares New Smart International Creation Limited ("New Smart"). Both Full Times and New Smart are directly wholly owned subsidiaries of HMV Digital, whose shares are listed on the GEM of the Stock Exchange.

LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019, no long positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN SHARES OF THE COMPANY

As at 31 March 2019, no short positions of other persons or substantial shareholders in the shares of the Company and its associated corporations were recorded in the register.

SHORT POSITIONS IN UNDERLYING SHARES OF THE COMPANY

As at 31 March 2019, no short positions of other persons or substantial shareholders in the underlying shares of equity derivatives of the Company and its associated corporations were recorded in the register. Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other person who has an interest or short position in the shares or underlying shares (including interest in options, if any) of the Company as recorded in the register required to be kept under section 336 of the SFO.

CONTRACTS OF SIGNIFICANCE

No contract of significance in relation to the Group's business to which any member of the Group was a party and in which a director of the Group had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 March 2019.

No contract of significance between the Company, or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2019.

No contract of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 March 2019.

DIRECTORS' COMPETING INTERESTS

As at 31 March 2019, none of the Directors, the substantial shareholders or their respective associates (as defined under the GEM Listing Rules) had any business or interest in a business which competes or may compete with the business of the Group.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at an annual general meeting of the Company held on 12 November 2014, the Company approved and adopted a share option scheme (the "Scheme"). There were no movement in the share options during the year ended 31 March 2019 and there were no outstanding share options as at 31 March 2018 and 2019. Summary of the Scheme are set out below:

(a) Purpose of the Scheme

The purpose of the Scheme is to provide participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its Shareholders as a whole.

(b) Participants

The categories of the participant under the Scheme include any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of the Group or any entity in which any member of the Group holds an equity interest (an "Invested Entity") and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters, service providers, shareholders, co-investors, lenders of or to, and persons who have business relationships with, any member of the Group or any Invested Entity (including the employees thereof) who the Board considers, in its sole discretion, have contributed or will contribute to the Group.

DIRECTORS' REPORT

The scope of participants under the Scheme is with an aim to attract, retain and maintain on-going business relationship with the other participants whose contributions are or will be beneficial to the long term growth of the Group which would enhance the value of the Company and its shares on the basis of the Board's discretion with reference to their history, business relationship and contributions with/to the Group.

(c) Maximum number of shares

The maximum number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not in aggregate exceed 30 per cent. in nominal amount of the issued share capital of the Company from time to time ("Scheme Limit").

(i) The maximum number of shares in respect of which options may be granted under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) exceed 10 per cent. in nominal amount of the issued share capital of the Company on the adoption date (the "Scheme Mandate Limit"). Option lapsed in accordance with the terms of the Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

(ii) The Scheme Mandate Limit referred to in paragraph (c) (i) may be renewed at any time subject to prior Shareholders' approval but in any event shall not exceed 10 per cent. of the issued share capital of the Company as at the date of approval of the renewal of the Scheme Mandate Limit. Option previously granted under the Scheme or any other share option schemes (including those outstanding, cancelled, lapsed in accordance with the terms or exercised options) will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

(iii) The Company may grant options beyond the Scheme Mandate Limit to Participants if:

(a) the Company has first sent a circular to Shareholders containing a generic description of the specified participants in question, the number and terms of the options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose; and

(b) separate Shareholder's approval has been obtained.

(d) Maximum entitlement of each participant

The maximum number of shares in respect of which options may be granted to a specifically identified single grantee under the Scheme shall not (when aggregated with any shares subject to any other share option scheme(s) of the Company) in any 12-month period exceed 1 per cent. of the shares in issue (the "Individual Limit"). The Company may grant options beyond the Individual Limit to a participant at any time if:

(i) the Company has first sent a circular to Shareholders containing the identity of the participant in question, the number and terms of the options to be granted (and options previously granted to such participant); and

(ii) separate Shareholder's approval has been obtained in general meeting with the proposed relevant grantee (as the case may be) and his associates abstaining from voting.

(e) Subscription price for shares

The subscription price shall be determined by the Board in its absolute discretion but in any event shall not be less than the greater of:

(i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on date of grant;

(ii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding date of grant; and

(iii) the nominal value of a share.

(f) Duration of the Scheme

Subject to the provisions of the Scheme, the Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date (the "ten-year" period), after which period no further options shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

(g) Exercise of options

An option may be exercised in whole or in part in accordance with the terms of the Scheme by the grantee (or his legal personal representative(s)) by giving notice in writing to the Company stating that the option is thereby exercised and the number of shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the subscription price multiplied by the number of shares in respect of which the notice is given. Within 28 days after receipt of the notice and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or his legal personal representative(s)) credited as fully paid and issue to the grantee (or his legal personal representative(s)) share certificates in respect of the Shares so allotted.

(h) Minimum period

There are no minimum holding period for which an Option must be held before it can be exercised nor performance targets that need to be met before a grantee is entitled to exercise an Option duly granted under the Scheme.

(i) Time of acceptance and payment on acceptance

An Offer shall be deemed to have been accepted and an Option shall be deemed to have been granted and accepted and shall take effect when the duplicate letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein together with a remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

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

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

DIRECTORS' REPORT

FIVE YEAR SUMMARY

A summary of results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Five year summary" of this report.

PERMITTED INDEMNITY

Pursuant to the memorandum and Articles of Association of the Company, the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in the execution of their duties in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands.

AUDITOR

The consolidated financial statements for the year ended 31 March 2017, 31 March 2018 and 31 March 2019 were audited by Elite Partners.

Elite Partners will retire and a resolution for their reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

INTERESTS OF COMPLIANCE ADVISER

Pursuant to the directions of the GEM Listing Committee of the Stock Exchange, the Company has appointed Grand Moore Capital Limited as the independent compliance adviser (the "Compliance Adviser") on an on-going basis for consultation on compliance with the GEM Listing Rules for a period of two years with effect from 22 June 2018. As at 31 March 2019, as notified by the Compliance Adviser, save for the compliance adviser's agreement entered into between the Company and the Compliance Adviser, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules."

On behalf of the Board

Lau Kelly
Executive Director
Hong Kong
27 June 2019

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2019

TO THE MEMBERS OF
hmvod Limited (FORMERLY KNOWN AS TRILLION GRAND CORPORATE COMPANY LIMITED)
(Incorporated in Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of hmvod Limited (formerly known as Trillion Grand Corporate Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 33 to 109, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the 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.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to the going concern basis

As disclosed in note 2 to consolidated financial statements, the Group had net current liabilities of approximately HK$151,185,000 and capital deficiency of approximately HK$91,602,000 as at 31 March 2019. The existence of these uncertainties casts significant doubt on the Group's ability to continue as going concern.

The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern, the validity of which is dependent on the favourable outcomes of the steps being taken by the directors as described in note 2 to the consolidated financial statements. However, we were unable to obtain sufficient audit evidence to assess the appropriateness and validity of the going concern assumption. Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, write down the value of assets to their recoverable amounts and to provide for any further liabilities which may arise. These consolidated financial statements do not include any of those adjustments.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 March 2019

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

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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.

The engagement partner on the audit resulting in the independent auditor's report is Chan Wai Nam, William with Practising Certificate Number P05957.

Elite Partners CPA Limited
Certified Public Accountants
Hong Kong, 27 June 2019

10/F., 8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000 (Restated)
Turnover	10	**209,412**	241,248
Revenue	10	**55,310**	39,028
Other income and gains	11	**16,774**	30
Subcontractors costs		**(51,029)**	(24,844)
Other expenses		**(27,022)**	(24,240)
Impairment loss on trade and other receivables		**(1,174)**	(369)
Impairment loss on goodwill		**(21,294)**	(5,657)
Impairment loss on intangible assets		**–**	(3,252)
Fair value change of contingent consideration		**–**	(6,352)
Fair value change of equity investments at fair value through profit or loss		**(2,086)**	–
Loss on disposal of financial assets at fair value through profit or loss		**(7,073)**	(11,163)
Net loss on change in fair value of financial assets at fair value through profit or loss		**–**	1,570
Finance costs	13	**(21,350)**	(30,400)
Depreciation of plant and equipment		**(809)**	(193)
Amortisation of intangible assets		**–**	–
Staff costs, including Directors' emoluments	19 & 20	**(9,466)**	(10,266)
Loss before tax		**(69,219)**	(76,108)
Income tax expenses	14	**2,231**	541
Loss for the year from continuing operations		**(66,988)**	(75,567)
Loss for the year from discontinued operations	15	**30,620**	(15,733)
Loss for the year		**(36,368)**	(91,300)
Other comprehensive income/(loss)			
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**6,092**	(3,146)
Total comprehensive expenses for the year		**(30,276)**	(94,446)
Loss for the year attributable to:			
Owners of the Company		**(33,589)**	(86,135)
Non-controlling interest		**(2,779)**	(5,165)
		(36,368)	(91,300)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(27,509)**	(89,306)
Non-controlling interest		**(2,767)**	(5,140)
		(30,276)	(94,446)
Loss per share from continuing and discontinued operations	18		
– Basic and diluted		**HK(23.61) cents**	HK(63.04) cents
Loss per share from continuing operations	18		
– Basic and diluted		**HK(45.14) cents**	HK(51.52) cents
Earnings per share from discontinued operations	18		
– Basic and diluted		**HK21.52 cents**	HK(11.51) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current Assets			
Plant and equipment	21	**2,010**	3,493
Investment property	22	**–**	136,000
Goodwill	23	**37,450**	58,745
Investment in associates	24	**–**	77,413
Deferred tax asset	39	**9,329**	8,234
Intangible assets	25	**22,384**	29,271
Available-for-sale investments	26	**–**	6,600
		71,173	319,756
Current Assets			
Trade and other receivables	27	**18,003**	39,198
Loan receivables	28	**–**	500
Deposits and prepayments	29	**2,193**	8,462
Amounts due from customers for contract work	30	**–**	715
Financial assets at fair value through profit or loss	31	**–**	62,841
Equity investments at fair value through profit or loss	26	**3,741**	–
Tax recoverable		**–**	89
Pledged bank balance	32	**–**	1,001
Bank balances and cash	32	**2,592**	5,666
		26,529	118,472
Current Liabilities			
Amounts due to customers for contract work	30	**–**	1,276
Trade and other payables	33	**89,883**	136,870
Margin payables	34	**–**	23,256
Receipts in advance		**–**	4,757
Bank overdraft		**46**	624
Bank and other borrowings	35	**63,990**	207,202
Bonds	36	**9,522**	–
Promissory note	38	**13,890**	–
Tax payable		**383**	4,955
		177,714	378,940
Net Current Liabilities		**(151,185)**	(260,468)
Total Assets less Current Liabilities		**(80,012)**	59,288

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Capital and Reserves			
Share capital	37	**142**	142
Share premium and reserves		**(83,653)**	(54,819)
Deficit attributable to owners of the Company		**(83,511)**	(54,677)
Non-controlling interest		**(8,091)**	(5,324)
Total Deficit		**(91,602)**	(60,001)
Non-current Liabilities			
Bonds	36	**7,897**	15,274
Promissory note	38	**–**	99,185
Deferred tax liabilities	39	**3,693**	4,830
		11,590	119,289
		(80,012)	59,288

The consolidated financial statements on pages 33 to 109 were approved and authorised for issue by the Board of Directors on 27 June 2019 and are signed on its behalf by:

Lau Kelly
Director

Ho Chi Na
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	General reserve HK$'000 (Note a)	Capital reserve HK$'000 (Note b)	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31 March 2017	119	463,135	3,056	1,200	9,519	(489,853)	(12,824)	2,197	(10,627)
Loss for the year	–	–	–	–	–	(86,135)	(86,135)	(5,165)	(91,300)
Exchange difference arising on translation of foreign operations	–	–	–	–	(3,171)	–	(3,171)	25	(3,146)
Total comprehensive expense for the year	–	–	–	–	(3,171)	(86,135)	(89,306)	(5,140)	(94,446)
Issue of shares upon Acquisition of subsidiaries	23	47,430	–	–	–	–	47,453	(2,381)	45,072
At 31 March 2018	142	510,565	3,056	1,200	6,348	(575,988)	(54,677)	(5,324)	(60,001)
Adjustment on initial application of HKFRS 9	**–**	**–**	**–**	**–**	**–**	**(772)**	**(772)**	**–**	**(772)**
Adjustment balance at 1 April 2018	**142**	**510,565**	**3,056**	**1,200**	**6,348**	**(576,760)**	**(55,449)**	**(5,324)**	**(60,773)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(33,589)**	**(33,589)**	**(2,779)**	**(36,368)**
Exchange difference arising on translation of foreign operations	**–**	**–**	**–**	**–**	**6,092**	**–**	**6,092**	**12**	**6,104**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**6,092**	**(33,589)**	**(27,497)**	**(2,767)**	**(30,264)**
Disposal of subsidiaries	**–**	**–**	**(3,056)**	**–**	**(10,854)**	**13,345**	**(565)**	**–**	**(565)**
At 31 March 2019	**142**	**510,565**	**–**	**1,200**	**1,586**	**(597,004)**	**(83,511)**	**(8,091)**	**(91,602)**

Notes:

(a) General reserve

According to the relevant rules and regulations of the People's Republic of China (the "PRC"), the Company's subsidiaries established in the PRC should allocate part of their profit after taxation to the general reserve, which can be used for making good losses and to convert into paid-up capital.

(b) Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(38,599)**	(91,841)
Adjustments for:		
Depreciation of plant and equipment	**809**	734
Amortisation of intangible asset	**6,887**	6,052
Loss on disposal of financial assets at fair value through profit or loss	**7,073**	5,077
Loss/(gain) on change in fair value of		
– financial assets at fair value through profit or loss	**2,086**	9,425
– investment property	**–**	9,000
– contingent consideration	**–**	6,352
Loss on early redemption of promissory note	**–**	81
Gain on disposal of subsidiaries	**(32,904)**	–
Gain on disposal of associates	**(16,759)**	–
Finance costs	**23,815**	32,317
Loss on disposal of plant and equipment, net	**82**	–
Impairment loss recognised in respect of:		
– trade receivables	**604**	1,687
– other receivables	**570**	2,087
– goodwill	**21,295**	5,657
– intangible assets	**–**	3,252
Interest income	**(4)**	(25)
Reversal of impairment loss in respect of:		
– trade receivables	**(21)**	(3,530)
– other receivables	**(49)**	(61)
Share of loss of an associate	**99**	221
Operating cash flows before movements in working capital	**(25,016)**	(13,515)
Decrease in trade and other receivables	**2,204**	18,282
Decrease in loan receivables	**–**	9,500
Decrease/(Increase) in deposits and prepayments	**5,704**	(3,573)
Decrease in financial assets at fair value through profit or loss	**55,768**	7,014
Increase in amounts due from customers for contract work	**(120)**	(6,121)
(Decrease)/increase in amounts due to customers for contract work	**(185)**	7,257
Increase/(decrease) in trade and other payables	**942**	(12,167)
Increase in receipts in advance	**–**	3,239
NET CASH GENERATED FROM OPERATING ACTIVITIES	**39,297**	9,916
Income tax paid	**(1,338)**	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	**37,959**	9,916

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 *HK$'000*	2018 *HK$'000*
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(2,261)**	(292)
Proceeds from disposal of subsidiaries	**100**	–
Acquisition of subsidiaries	**–**	1,562
Interest received	**4**	25
NET CASH GENERATED FROM INVESTING ACTIVITIES	**(2,157)**	1,295
FINANCING ACTIVITIES		
New bank and other borrowings	**68,357**	196,935
Repayment of bank borrowings	**(96,532)**	(189,305)
Interest and finance costs paid	**(12,892)**	(20,832)
NET CASH USED IN FINANCING ACTIVITIES	**(41,067)**	(13,202)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(5,265)**	(1,991)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**6,043**	11,604
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,768**	(3,570)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**2,546**	6,043
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank overdraft	**(46)**	(624)
Bank balances and cash	**2,592**	6,667
	2,546	6,043

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands. The address of its principal place of business in Hong Kong is Unit B, 29/F., CKK Commercial Centre, 289–295 Hennessy Road, Wanchai, Hong Kong. The Company's shares are listed on Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the "GEM").

The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollar ("HK$") as the directors of the Company consider that HK$ is the appropriate presentation currency for the users of the Group's financial statements given that the shares of the Company are listed on the GEM.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Statement of Compliance and Basis of Preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for investment property and financial assets at fair value through profit or loss which were measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in the exchange for goods.

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.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statement of Compliance and Basis of Preparation (Continued)

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

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

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

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

In preparing these consolidated financial statements, the directors have considered the future liquidity of the Group. As at 31 March 2019, the Group had recorded net current liabilities and net liabilities of approximately HK$151,185,000 and HK$91,602,000 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, the consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

1. on 19 June 2019, the Company and promissory note holder mutually agreed to waive the principal and interest amount of approximately HK$13,890,000.

2. On 14 June 2019, the Group has renewed the other borrowings of approximately HK$17,000,000 in which the final repayment date would be 26 June 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Statement of Compliance and Basis of Preparation (Continued)

In light of the measures and arrangements implemented to date, the directors are of the view that the Group has sufficient cash resources to satisfy its working capital and other financial obligations for the next twelve months from the date of the consolidated financial statements, after having taken into account of the Group's projected cash flows, current financial resources and capital expenditure requirements with respect to the development of its businesses. Accordingly, the directors are of the view that it is appropriate to prepare these consolidated financial statements on a going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HKFRSs

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

In the current year, the Group has adopted the following amended HKFRSs and HKASs issued by the 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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

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 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. 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.

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

1. Service income from systems development
2. Service income from information technology engineering and technical support
3. Subscription fee income from over-the-top services

The application of HKFRS 15 has not had material impact on the timing of revenue being recognised. However, the application of HKFRS 15 has had the following presentation changes:

	Carrying amount as at 1 April 2018 *HK$'000*	**Carrying amount as at 31 March 2019** *HK$'000*
Deposits and instalments received from customers (that were presented as "amount due from/(to) customers for contract work" in the consolidated statement of financial position as of 31 March 2018) are presented as "contract liabilities" in the consolidated statement of financial position under HKFRS 15	715	–

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

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 other items (for example, contract assets, lease receivables and financial guarantee contracts).

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 (date of initial application) 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 notes to the consolidated financial statements.

The following table shows a reconciliation from how the Group's financial assets existed as of 1 April 2018 were classified and measured under HKAS 39 to how they are classified and measured under HKFRS 9:

	Old classification under HKAS 39	New classification under HKFRS 9	Carrying amount under HKAS 39 *HK$'000*	Reclassification	Remeasurement	*Note*	Carrying amount under HKFRS 9
Investments in unlisted equity securities	Available for sale financial assets (at cost less impairment)	FVTPL	6,600	6,600	(772)	*Note 1*	5,828

Summary of effects arising from initial application of HKFRS 9

Trade Receivable	Carrying amounts previously reported at 31 March 2018 *HKD'000*	Remeasurement *HKD'000*	Carrying amounts under HKFRS 9 at 1 April 2018 *HKD'000*
Loan and other receivables	6,600	(772)	5,828
Accumulated losses	575,988	772	576,760

Note 1:

Under HKFRS 9, investments in equity securities are required to be measured at fair value subsequently at the end of each reporting period. Accordingly, for investments in equity securities that were previously measured at cost less impairment based on the cost exemption under HKAS 39 have to be measured at fair value under HKFRS 9. Based on the specific transitional provisions set out in HKFRS 9, such investments have to be measured at fair value at the date of initial application (i.e. 1 April 2018), with any difference between the fair value and carrying amount under HKAS 39 being recognised in the opening retained earnings as of 1 April 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

New and revised HKFRSs that in issue but not yet effective

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

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

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the first period beginning on or after 1 January 2020.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2020.

The directors of the Company do not anticipate that the application of these will have a material effect on the Group's consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments of approximately HK$600,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

3. APPLICATION OF NEW AND REVISED HKFRSs (Continued)

HKFRS 16 Leases (Continued)

The Group will apply the standard from its mandatory adoption date of 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group's consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) 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 item 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 in 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

(b) Business combinations

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

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

- deferred tax assets or liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payments arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Business combinations (Continued)

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

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

(c) Acquisition of subsidiaries not constituting a business

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

(d) Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's relevant cash-generating units (or groups of cash-generating units), that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is indication that the unit may be impaired. When the recoverable amount of cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described in paragraph (e) below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profits or losses and other comprehensive income of the associates. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

On acquisition of investment in an associate, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition

Rental income under operating leases is recognised when the properties are let out and on the straight-line basis over the lease terms.

Interest income from financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable

Applicable from 1 April 2018

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Group is as follows:

a. Service income from systems development
b. Service income from information technology engineering and technical support
c. Subscription fee income from over-the-top services

Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

i. a good or service (or a bundle of goods or services) that is distinct; or
ii. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

i. the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
ii. the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

Applicable from 1 April 2018 (Continued)

Identification of performance obligations (Continued)

Timing of revenue recognition

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

i. the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
ii. the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
iii. 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.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Applicable before 1st April 2018

Revenue is measured at the fair value of the consideration received or receivable and is reduced by sale related taxes.

a. Systems development service

Revenue arising from the provision of systems development is recognised on the percentage of completion method, provided that the revenue, the cost incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the estimated total costs for each contract. When the outcome of a systems development contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable to be recoverable.

b. Professional service income

Professional service income represents fees for the provision of information technology engineering and technical support services and are recognised when the underlying professional services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

c. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income 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 estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

d. Rental income

Rental income is recognised on a straight-line basis over the period of the lease terms.

e. Subscription fee income

Income from the provision of over-the-top services is recognised at the time when the service are rendered.

(g) Systems development contracts

Where the outcome of a systems development contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a systems development contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipts in advance. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are 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 borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

(j) Retirement benefit costs

Payments to mandatory provident fund scheme and other state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Share-based payment arrangements

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement.

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

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 corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately 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 option 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 option 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 option reserve will be transferred to accumulated losses.

(l) Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Taxation (Continued)

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 is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

(m) Plant and equipment

Plant and equipment are stated in 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 of assets less their residual value over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with 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 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.

(n) Investment properties

Investment properties are buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value based on valuation by an external independent valuer. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposal. The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition (which is regarded as their cost).

Subsequent to initial recognition, Intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses. 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 effective of any changes in estimate being accounted for on a prospective basis.

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

(p) Impairment losses on tangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of 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. Where 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 to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Provisions and contingent liabilities

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 that 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 (where the effect is of the time value of money is material).

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

(r) Financial instruments

Financial assets

Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) the Group transfers substantially all the risks and rewards of ownership of the financial asset, or (b) the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

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.

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 the financial asset to the extent of its continuing involvement and an associated liability for the amounts it may have to pay.

Classification and measurement

Financial assets – applicable from 1 April 2018

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at FVPL, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Classification and measurement (Continued)

Financial assets – applicable from 1 April 2018 (Continued)

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income (“Mandatory FVOCI”); (iii) equity investment measured at fair value through other comprehensive income (“Designated FVOCI”); or (iv) measured at fair value through profit or loss (“FVPL”).

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets and the financial asset’s contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model (the “reclassification date”).

1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

(i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(ii) its 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 at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

2) Financial assets at FVPL

These investments include financial assets that are not measured at amortised cost or FVOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVPL, and financial assets resulting from a contingent consideration arrangement in a business combination to which HKFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which includes any dividend or interest earned on the financial assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Classification and measurement (Continued)

Financial assets – applicable from 1 April 2018 (Continued)

2) Financial assets at FVPL (Continued)

A financial asset is classified as held for trading if it is:

(i) acquired principally for the purpose of selling it in the near term;

(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or

(iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of HKFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

3) Financial assets at Designated FVOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss.

The Group’s financial assets at designated FVOCI included all available-for-sales financial assets.

The Group’s financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss (“FVTPL”), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

The Group's financial liabilities include trade and other payables, bank and other borrowings, notes payable and bonds payable. All financial liabilities except for derivatives are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

A day-one gain or loss arises when the transaction price for a liability differs from the fair value used to measure it on initial recognition. Such gain or loss is deferred on initial recognition when the fair value is not evidenced by a quoted price in an active market for an identical liability (ie a Level 1 input) or based on a valuation technique that use only date from observable markets. After initial recognition, the deferred gain or loss is recognised only to the extent that it arises from a change in a factor (including time) that market participants would take into account which pricing the liability.

Impairment of financial assets and other items under HKFRS 9

Applicable from 1 April 2018

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost, Mandatory FVOCI, lease receivables, contract assets, loan commitments and financial guarantee contracts issued to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Financial liabilities (Continued)

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

(i) past due information

(ii) nature of instrument

(iii) nature of collateral

(iv) industry of debtors

(v) geographical location of debtors

(vi) external credit risk ratings

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) 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); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Financial liabilities (Continued)

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 180 days past due.

Low credit risk

A financial instrument is determined to have low credit risk if:

(i) it has a low risk of default;

(ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and

(iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Simplified approach of ECL

For trade receivables the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events 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 include 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Financial instruments (Continued)

Financial liabilities (Continued)

Credit-impaired financial asset (Continued)

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

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

f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 1 year past due based on historical experience of recoveries of similar assets. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

(s) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of relevant lease. Initial direct costs included in negotiating and arranging an operating lease are added to the carrying amount of the leased asset.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's accounting policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

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:

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

Going concern basis

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the date of the financial statement. The degree of consideration depends on the facts in each case.

Management believes that the Group is able to continue as a going concern after taking into account the measures, financial supports and the future profitable operations. Accordingly, management has prepared the consolidated financial statements on a going concern basis. An adverse change in any of the above conditions would require the consolidated financial statements to be prepared on an alternative authoritative basis and such basis, together with the fact that the consolidated financial statements is not prepared on a going concern basis, would need to be disclosed. If the Group was unable to continue as a going concern, adjustments relating to the recoverability and classification of recorded asset amounts or classification of liabilities may need to be incorporated into the consolidated financial statements.

Revenue and profit recognition

The Group has adopted output method as defined in HKFRS 15 in measuring the progress of the systems development contracts. Management of the Group estimates the progress by reference to the estimated total outcome of the systems development contracts as well as the work performed to date with reference to the work performed. The actual outcome in terms of total cost or revenue may be different from the estimates at the end of the reporting period, such differences will impact the revenue and the profit or loss recognised in the period in which such estimation is made. Budget cost or revenue of each contract will be reviewed periodically and revised accordingly where significant variances are noted during the revision.

Notwithstanding that management regularly discusses with the project managers/surveying managers in order to review and revise the estimates of both contract revenue and costs of the construction contract as the contract work progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimations and this will affect the revenue and profit or loss recognised.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Loss allowance for ECL

The Group's management estimates the loss allowance for trade receivables and loan receivable based on risk of a default and expected loss rate. The assessment of the credit risk involves high degree of estimation and uncertainty as the Group's management estimates the risk of a default and expected loss rate for applying provision matrix on debtors based on the Group's historical information, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables. For details of the key assumption and inputs used in estimating ECL, please refer to note 25 to the consolidated financial statements.

Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involve management's estimation. The Group assesses annually the residual value and the useful life of the plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Income taxes

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

Fair value measurement of investment property

Investment property is stated at fair value based on the valuation performed by the independent professional valuers. The valuers have determined the fair value based on a method of valuation which involves certain estimates. In relying on the valuation report prepared by the valuer, management has reviewed the valuation including the assumptions and estimates adopted.

6. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through issues of new shares and debts, repayment of existing debts and payment of dividends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

7. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2019 *HK$'000*	2018 *HK$'000*
Financial assets		
Available-for-sale investments, at cost less impairment	–	6,600
Equity investments at fair value through profit or loss	**3,741**	–
Financial assets at fair value through profit or loss	–	62,841
Loans and receivables, at amortised cost		
Loan receivables	–	500
Trade and other receivables	**18,003**	39,198
Deposits	**1,213**	1,442
Pledged bank balance	–	1,001
Bank balances and cash	**2,592**	5,666
	25,549	117,248
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**89,883**	136,870
Bank overdraft	**46**	624
Bank and other borrowings	**63,990**	207,202
Promissory note	**13,890**	99,185
Bonds	**17,419**	15,274
Margin payables	–	23,256
	185,228	482,411

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, trade and other receivables, pledged bank deposits, loan receivable, bank balances and cash, trade and other payables, bank overdraft, bank and other borrowings, promissory note, bonds and margin payables. Details of these financial instruments are disclosed in respective notes.

Management monitors and manages the financial risks relating to the Group through internal risk assessment, which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

There has been no change in the Group's exposure to these kinds of risks or the manner in which the Group manages and measures these risks.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and equity prices.

Foreign currency risk

Foreign currency risk refers to the risk associated with movements in foreign currency rates which will affect the Group's financial results and its cash flows. Management considers that the Group is not exposed to significant foreign currency risk as the majority of its operations are in the PRC with their functional currency of RMB.

For the two years ended 31 March 2019 and 2018, the Group mainly earned revenue in RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its foreign currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly denominated in HK$ are used to pay for HK$ expenses.

The directors do not expect the fluctuation in the exchange rate of RMB to HK$ to have any material adverse effect on the operation of the Group, accordingly no sensitivity analysis is presented.

Interest rate risk

The Group is exposed to interest rate risk in relation to its variable-rate bank deposits, loan receivables, bank and other borrowings, promissory note and bonds. The pledged bank deposits, bank balances and bank and other borrowings bearing interests at variable rates expose the Group to cash flow interest rate risk. Loan receivables, promissory note and bonds bearing interest at fixed rates expose the Group to fair value interest rate risk.

The directors consider that the Group's exposure to interest rate risk of bank deposits, which are short term in nature, is insignificant, accordingly no sensitivity analysis is presented.

Sensitivity analysis

If interest rates have been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2019 would increase/decrease by approximately HK$56,000 (2018: HK$56,000). This is mainly attributable to the Group's exposure to interest rates on its bank borrowings which carried interest at floating rates.

The Group's exposure to interest-rate risk arises from its bank balances and bank borrowings. These bank balances and bank borrowings bear interests at floating rates varied with the then prevailing market condition. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Price risk

The Group is exposed to equity price risk through its investment in listed equity securities. Management manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk is mainly concentrated on equity instruments quoted in the Stock Exchange of Hong Kong Limited.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk (Continued)

Sensitivity analyses

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

If the prices of the respective equity instruments had been 10% (2017: 10%) higher/lower, loss for the year would decrease/increase by HK$8,663,000 (2017: HK$8,814,000) as a result of the changes in fair value of investment in listed equity securities.

Credit risk

As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group in the event of the counterparties' failure to perform their obligations is the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to recognise the credit risk, 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 debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. The Group closely monitors the collectability of trade debtors at the end of the reporting period to ensure that the amounts are recoverable. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group applies a simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables from initial recognition. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on factors affecting the ability of the customers to settle the receivables.

The Group had certain concentration of credit risk as 55% (2018:43%) and 91% (2018:72%) at the total trade receivables were due from the largest customer and the five largest customers, respectively.

The credit quality of the other receivables excluding prepayments has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of other receivables is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the other receivables excluding prepayments is assessed to be close to zero and no provision was made as of 31 March 2019 and 31 March 2018.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

In respect of loans receivable, the Group has adopted procedures in extending credit terms to loan borrowers and in monitoring its credit risk. The credit policy on extending credit terms to loan borrowers includes assessing and evaluating loan borrowers' creditworthiness and financial standing. Management also closely monitors all outstanding debts and reviews the collectability of loans receivable periodically.

The Group adopts a loan risk classification approach to manage its loans and advances to customers portfolio risk. Loans and advances to customers are categorised into the following stages by the Group:

Stage 1

Loans and advances to customers have not experienced a significant increase in credit risk since origination and impairment are recognised on the basis of 12 months expected credit losses (12-month ECLs).

Stage 2

Loans and advances to customers have experienced a significant increase in credit risk since origination and impairment is recognised on the basis of lifetime expected credit losses (Lifetime ECLs non credit-impaired).

Stage 3

Loans and advances to customers that are in default and considered credit impaired (Lifetime ECLs credit-impaired). The Group applies the new ECL model to measure the impairment loss of the loans and advances to customers. The Group assessed that there is no significant loss allowance recognised in accordance with HKFRS 9 as at 31 March 2019.

When a certain number of customers undertake the same business activities, stay in the same geographical locations, or bear similar economic features for their industries, their ability to fulfil contracts will be affected by the same economic changes. Concentration of credit risk reflects the sensitivity of the Group's operating results to a particular industry or geographic location. As the Group mainly conducts microfinance business in Hong Kong, a certain level of geographical concentration risk exists for its loan portfolios in that it might be affected by changes of economic conditions.

The maximum exposure to credit risk of loans and advances to customers for each stage is represented by the net carrying amount of each type of financial assets as at the end of the reporting periods. The details are set out in note 25 to these financial statements.

8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. The management monitors the recognise of bank and other borrowings and ensures compliance with loan covenants, if any.

The following tables details the Group's remaining contractual maturity for its non-derivative financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

In addition, the following tables detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cash flows of the financial assets including interest that will be earned on those assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Within 1 year or on demand *HK$'000*	1–2 years *HK$'000*	2–5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
At 31 March 2019						
Non-derivative financial assets						
Equity investments at fair value through profit or loss	3,741	–	–	–	3,741	3,741
Trade and other receivables	18,003	–	–	–	18,003	18,003
Deposit	1,213	–	–	–	1,213	1,213
Bank balances and cash	2,592	–	–	–	2,592	2,592
	25,549	–	–	–	25,549	25,549
Non-derivative financial liabilities						
Trade and other payables	89,883	–	–	–	89,883	89,883
Promissory note	15,120	–	–	–	15,120	13,890
Bank overdraft	46	–	–	–	46	46
Bank and other borrowings	66,454	–	–	–	66,454	63,990
Bonds	10,020	–	10,786	–	20,806	17,419
	181,523	–	10,786	–	192,309	185,228

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8. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

	Within 1 year or on demand *HK$'000*	1–2 years *HK$'000*	2–5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
At 31 March 2018						
Non-derivative financial assets						
Available-for-sale investments	6,600	–	–	–	6,600	6,600
Loan receivables	530	–	–	–	530	500
Trade and other receivables	39,198	–	–	–	39,198	39,198
Deposit	1,442	–	–	–	1,442	1,442
Financial assets at fair value through profit or loss	62,841	–	–	–	62,841	62,841
Pledged bank balance	1,001	–	–	–	1,001	1,001
Bank balances and cash	5,666	–	–	–	5,666	5,666
	117,278	–	–	–	117,278	117,248
Non-derivative financial liabilities						
Trade and other payables	136,870	–	–	–	136,870	136,870
Promissory note	–	–	126,740	–	126,740	99,185
Bank overdraft	624	–	–	–	624	624
Bank and other borrowings	209,429	–	–	–	209,429	207,202
Margin payables	23,256	–	–	–	23,256	23,256
Bonds	–	10,669	12,704	–	23,373	15,274
	370,179	10,669	139,444	–	520,292	482,411

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

At 31 March 2019, the Group had net current liabilities of approximately HK$151,185,000 and net liabilities of approximately HK$91,602,000. The directors have taken steps to improve the Group's liquidity position and mitigate its liquidity risk as disclosed in note 2 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

9. FAIR VALUE

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of the reporting period. The financial assets at fair value through profit or loss are measured at quoted bid prices in an active market which is classified as level 1. It has no significant unobservable input.

The equity investment at fair value through profit or loss is classified as Level 3 valuation by using significant unobservable inputs in determining the fair value.

	Fair value as at 31 March		Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	2019	2018				
	HK$'000	*HK$'000*				
Financial assets						
Financial assets at fair value through profit or loss	**–**	62,841	Level 1	Quoted bid prices in an active market	N/A	N/A
Equity investments at fair value through profit or loss	**3,741**	–	Level 3	Market-based approach; key inputs: market multiple, financial information of the entity and discount for lack of marketability	Discount for lack of marketability	N/A

There were no transfer of the financial assets and financial liabilities between the levels in both of the years presented.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

10. REVENUE

Revenue of the Group, represents income from systems development, professional services rendered, proprietary trading, money lending business, rental income and over the top ("OTT") services, net of sales related taxes if any.

	2019 HK$'000	2018 HK$'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15, disaggregated by major products or services lines		
Continuing operations		
Professional services fees	**3,614**	3,107
Proprietary trading	**–**	5,232
Interest income arising from money lending business	**60**	303
OTT services	**51,636**	30,386
	55,310	39,028
Discontinued operations		
Revenue from provision of Systems development	**1,558**	11,868
Rental income arising from investment property	**600**	2,400
	2,158	14,268
Proceeds from sales of financial assets at fair value through profit or loss	**151,944**	187,952
	209,412	241,248

Note: The Group has applied HKFRS 15 using the cumulative effect transition method. Under this method, the comparative information is not restated and was measured and presented in accordance with HKAS 18 and HKAS 11.

11. OTHER INCOME AND GAINS

	2019 HK$'000	2018 HK$'000 (Restated)
Continuing operations		
Interest income	**1**	1
Gain on disposal of associates	**16,759**	–
Others	**14**	29
	16,774	30
Discontinued operations		
Gain on disposal of subsidiaries	**32,903**	–
Bank interest income	**3**	24
Reversal of impairment loss in respect of:		
– trade receivables	**21**	3,530
– other receivables	**49**	61
	49,750	3,645

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" which requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

During the current year, the Group commenced its OTT services business through acquisition of business which formed a separate operating division of the Group. Therefore, the Group is currently organised into six operating divisions – systems development, professional services, proprietary trading, money lending, property investment and OTT services which represent the Group's six operating segments. During the year ended 31 March 2017, the Group has five operating divisions – systems development, professional services, proprietary trading, money lending and property investment which represent the Group's five operating segments.

Continued operations

Professional services	–	Provision of information technology engineering and technical support services including financial valuation and IT service.
Proprietary trading	–	Trading of listed securities in Hong Kong.
Money lending	–	Provision of financing services in Hong Kong.
OTT services	–	Distribution and production of films, television programmes and music production

Discontinued operations

Systems development	–	Provision of systems development, maintenance and installation as well as consulting service and software licensing.
Property investment	–	Lease of property in Hong Kong.

12. SEGMENT INFORMATION (Continued)

a. Segment revenues and results

The following is an analysis of the Group's revenues and results by its operating and reportable segments.

	For the year ended 31 March													
	Continuing operations								Discontinued operations (Restated)					
	Professional services		Proprietary trading		OTT services		Money lending		System development		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations														
REVENUE														
Revenue from external customers	**3,614**	3,107	**–**	5,232	**51,635**	30,386	**60**	303	**8**	11,868	**600**	2,400	**57,467**	53,296
RESULT														
Segment results	**(7,378)**	(16,403)	**(7,614)**	(5,054)	**(31,157)**	(548)	**(510)**	303	**(232)**	403	**600**	(12,527)	**(46,291)**	(33,826)
Interest income													**4**	54
Unallocated income and gains													**49,726**	63
Unallocated expenses and losses													**(18,124)**	(25,594)
Finance costs													**(23,815)**	(32,316)
Share of loss of associates													**(99)**	(221)
Loss before tax													**(38,599)**	(91,840)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of interest income, certain other income and gains and other expenses and losses (including central administration costs and directors' remunerations and finance costs) and share of results of an associate. This is the measure reported to the chief operating decision maker of the Group for the purposes of resource allocation and assessment of segment performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

12. SEGMENT INFORMATION (Continued)

b. Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by its operating and reportable segments.

	At 31 March													
	Continuing operations								Discontinued operations (Restated)					
	Professional services		Proprietary trading		OTT services		Money lending		System development		Property investment		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS														
Segment assets	**541**	5,799	**–**	62,841	**75,209**	105,938	**–**	510	–	12,774	**–**	136,000	**75,750**	323,862
Unallocated corporate assets														
– Plant and equipment													**2,010**	422
– Available-for-sale investments													**3,741**	6,600
– Investment in associate													**–**	77,413
– Other receivables, deposits and prepayments													**13,610**	23,264
– Pledged bank deposits													**–**	1,001
– Bank balances and cash													**2,591**	5,666
Total assets													**97,702**	438,228
LIABILITIES														
Segment liabilities	**1,314**	1,570	**–**	23,256	**83,516**	70,294	**–**	–	–	42,082	**–**	1,175	**84,830**	138,377
Unallocated corporate liabilities														
– Other payables													**24,144**	35,570
– Bank and other borrowings													**44,899**	199,414
– Bank overdraft													**45**	624
– Bonds													**17,419**	15,274
– Promissory notes													**13,890**	99,185
– Deferred tax liabilities													**3,692**	4,830
– Tax payable													**385**	4,955
Total liabilities													**189,304**	498,229

12. SEGMENT INFORMATION (Continued)

b. Segment assets and liabilities (Continued)

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

i. all major assets are allocated to reportable segments other than investment in an associate, available-for-sale investments, other receivables, deposits and prepayments, pledged bank deposits and bank balances and cash. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and

ii. all major liabilities are allocated to reportable segments other than certain other payables, other borrowings, bonds, promissory notes, margin payable, deferred tax liabilities and tax payable. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

c. Geographical information

Information about the Group's revenue presented based on the location of customers is as below:

	2019 ***HK$'000***	2018 *HK$'000* (Restated)
Continuing operations		
Hong Kong	**55,565**	39,028
Discontinued operations		
Hong Kong	**600**	2,400
PRC	**1,303**	11,868
	57,468	53,296

Information about the Group's non-current assets (excluding available-for-sale investments) presented based on the location of assets is as below:

	2019 ***HK$'000***	2018 *HK$'000* (Restated)
Continuing operations		
Hong Kong	**71,173**	181,436
PRC	**–**	–
Discontinued operations		
Hong Kong	**–**	136,000
PRC	**–**	2,320
	71,173	319,756

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

12. SEGMENT INFORMATION (Continued)

d. Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

	Continuing operations								Discontinued operations									
	Professional services		Proprietary trading		OTT services		Money lending		System development		Property investment		Segment total		Unallocated		Consolidated	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing Operations																		
Other segment information																		
Depreciation of plant and equipment	**(86)**	(150)	**–**	–	**(501)**	(41)	**–**	–	**(217)**	(537)	**–**	–	**(804)**	(728)	**(5)**	(7)	**(809)**	(735)
Amortisation of intangible asset	**–**	–	**–**	–	**(6,887)**	(5,166)	**–**	–	**–**	(886)	**–**	–	**(6,887)**	(6,052)	**–**	–	**(6,887)**	(6,052)
Impairment loss recognised in respect of:																		
– trade and other receivables	**–**	(11)	**–**	–	**(604)**	–	**–**	–	**–**	(3,394)	**–**	–	**(604)**	(3,405)	**(570)**	(369)	**(1,174)**	(3,774)
– goodwill	**(4,153)**	(5,657)	**–**	–	**(17,142)**	–	**–**	–	**–**	–	**–**	–	**(17,142)**	–	**–**	–	**(21,295)**	(5,657)
– Intangible asset	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(3,252)	**–**	(3,252)
Loss on disposal of:																		
– plant and equipment	**(82)**	–	**–**	–	**–**	–	**–**	(18)	**–**	–	**–**	–	**(82)**	(18)	**–**	–	**(82)**	(18)
Loss on change in fair value of:																		
– financial assets at fair value through profit or loss	**–**	–	**–**	(9,425)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(9,425)	**–**	–	**–**	(9,425)
Reversal of impairment loss in respect of:																		
– trade receivables	**–**	166	**–**	–	**–**	–	**–**	–	**21**	3,364	**–**	–	**21**	3,530	**–**	–	**21**	3,530
– other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**49**	61	**49**	61
Loss on fair value of investment property	**–**	–	**–**	(9,000)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	(9,000)	**–**	–	**–**	(9,000)
Loss on disposal of financial assets at fair value through profit or loss	**–**	–	**(7,073)**	(5,077)	**–**	–	**–**	–	**–**	–	**–**	–	**(7,073)**	(5,077)	**–**	–	**(7,073)**	(5,077)
Additions to non-current assets *(Note)*	**32**	–	**–**	–	**2,229**	87	**–**	–	**–**	205	**–**	–	**2,261**	292	**–**	–	**2,261**	292

Note: Non-current assets excluded financial instruments.

e. Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group is as follows:

		2019	2018
		HK$'000	*HK$'000*
Customer A	System development	**–**	5,886
Customer B*	OTT services	**N/A**	7,380

* Revenue derived from Customer B did not contribute over 10% or more of total revenue of Group during the year ended 31 March 2019.

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13. FINANCE COSTS

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Continuing operations		
Interest on bank and other borrowings repayable within one year	**11,131**	18,259
Imputed interest on promissory note	**8,778**	10,543
Interest on bonds	**1,309**	1,568
Others	**132**	30
	21,350	30,400
Discontinuing operations		
Interest on bank and other borrowings	**–**	1,916
Others	**2,464**	–
	23,814	32,316

14. INCOME TAX EXPENSES

	2019 *HK$'000*	2018 *HK$'000*
Current tax		
– Hong Kong Profit Tax	**–**	1,024
– Over/(Under) provision in prior year	**1**	(30)
	1	994
Deferred tax	**(2,232)**	(1,535)
	(2,231)	(541)

a. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 March 2019 and 2018.

b. Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the standard tax rate applicable to PRC Enterprise Income Tax is 25%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

14. INCOME TAX EXPENSES (Continued)

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

	2019 *HK$'000*	2018 *HK$'000* (Restated)
Loss before tax	**(38,599)**	(91,841)
Tax at the applicable tax rate of 16.5% (2018: 25%)	**(6,369)**	(22,960)
(Higher)/Lower the rate for specific provinces or enacted by local authorities	**(4,907)**	7,724
Tax effect of income not taxable for tax purposes	**(8,194)**	(294)
Tax effect of expenses not deductible for tax purposes	**3,858**	14,396
Tax effect of tax losses and other deductible temporary differences not recognised	**15,612**	3,501
Tax effect of unused tax losses not recognised	**(2,232)**	(2,938)
(Over)/Under provision in prior year	**–**	30
Income tax	**(2,232)**	(541)

Details of deferred taxation are set out in Note 39.

15. DISCONTINUED OPERATIONS

On 27 July 2018, the Group completed the disposal of the entire issued share capital of Tongfang Electronic Company Limited ("Tong Fang"), a direct wholly-owned subsidiary of the Company, together its subsidiaries ("the Tong Fang Group") at a consideration of HK$100,000 satisfied in cash. Upon the completion of the disposal of Tong Fang Group, the Group ceased its operating segment for system development accordingly.

On 10 July 2018, the Group completed the disposal of the entire issued share capital of Top Insight Limited ("Top Insight"), a direct wholly-owned subsidiary of the Company, together with its subsidiaries ("Top Insight Group") of the consideration for swap with the creditor for the loan of approximately HK$138,000,000 together with the provision of the credit facility to the Group. Upon the completion of the disposal of Top Insight Group, the Group ceased its operating segment for property investment accordingly.

The above operations were classified as discontinued operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

16. LOSS FOR THE YEAR

Loss for the year from continuing operations has been arrived at after charging:

	2019	2018
	HK$'000	*HK$'000*
		(Restated)
Staff costs		
Salaries and other benefits	**9,001**	9,906
Retirement benefits scheme contributions	**465**	360
	9,466	10,266
Auditors' remuneration	**700**	740
Depreciation of plant and equipment	**592**	198
Amortisation of intangible asset	**6,887**	6,052
Impairment loss on trade and other receivables	**1,174**	3,774
Impairment loss on goodwill	**21,294**	5,657
Impairment loss on intangible assets	**–**	3,252
Loss on disposal of financial assets at fair value through profit or loss	**7,073**	5,077
Fair value change of contingent consideration	**–**	6,352
Operating lease	**5,214**	5,530
Loss on disposal of plant and equipment, net	**82**	–
Loss for the year from discontinued operation has been arrived at after charging:		
Depreciation of plant and equipment	**217**	537

17. DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

18. LOSS PER SHARE

From continuing and discontinued operations

	2019 HK$'000	2018 HK$'000 (Restated)
Loss for the year attributable to owners of the Company	**(33,589)**	(86,135)

From continuing operations	**2019** ***HK$'000***	2018 *HK$'000* (Restated)
Loss for the year attributable to owners of the Company	**(64,209)**	(70,402)

From discontinued operations	**2019** ***HK$'000***	2018 *HK$'000* (Restated)
Profit/(loss) for the year attributable to owners of the Company	**30,620**	(15,733)

Number of shares	**2019** ***'000***	2018 *'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**142,257**	136,640

Diluted loss per share is not presented because the Group sustained a loss for both of the years presented and the impact of exercise of share options, if any, is regarded as anti-dilutive.

19. STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2019 ***HK$'000***	2018 *HK$'000*
Salaries and other benefits	**9,001**	7,778
Retirement benefits scheme contributions	**465**	294
	9,466	8,072

Hong Kong

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all qualifying employees in Hong Kong. The MPF Scheme is a defined contribution retirement plan administered by independent trustees, the assets of the scheme are held separately from those of the Group in funds under the control of trustees. Contributions are made based on a percentage of the employees' relevant income and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group's contributions vest fully with the employees when payments are made.

20. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

a. Directors' emoluments

	2019 ***HK$'000***	2018 *HK$'000*
Directors' fees	**343**	486
Salaries and other benefits	**1,897**	1,642
Retirement benefits scheme contributions	**45**	66
	2,285	2,194

The emoluments paid or payable to each of the directors were as follows:

	For the year ended 31 March 2019			
	Fees ***HK$'000***	**Salaries and other benefits *(Note i)*** ***HK$'000***	**Retirement benefits scheme contributions** ***HK$'000***	**Total** ***HK$'000***
Executive directors:				
Mr. Lau Kelly	**–**	**420**	**18**	**438**
Mr. Leung Chung Nam *(Resigned on 20 July 2018)*	**–**	**127**	**5**	**132**
Ms. Ho Chi Na	**–**	**1,220**	**18**	**1,238**
Mr. Yuen Koon Tung *(Appointed on 20 July 2018)*	**–**	**130**	**4**	**134**
Non-executive directors and independent non-executive directors:				
Mr. Yuen Koon Tung *(Resigned on 20 July 2018)*	**–**	**–**	**–**	**–**
Dr. Wan Ho Yuen, Terence *(Resigned on 14 September 2018)*	**55**	**–**	**–**	**55**
Mr. Hau Chi Kit	**120**	**–**	**–**	**120**
Mr. Ho Siu King, Stanley	**84**	**–**	**–**	**84**
Mr. Stephen Tsz On *(Appointed on 20 July 2018)*	**84**	**–**	**–**	**84**
	343	**1,897**	**45**	**2,285**

Note:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

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

a. Directors' emoluments (Continued)

The emoluments paid or payable to each of the directors were as follows:

	For the year ended 31 March 2018			
	Fees *HK$'000*	Salaries and other benefits *(Note i)* *HK$'000*	Retirement benefits scheme contributions *HK$'000*	Total *HK$'000*
Executive directors:				
Mr. Lau Kelly	–	420	18	438
Mr. Leung Chung Nam *(Resigned on 20 July 2018)*	–	384	18	402
Mr. Wong Kam Kwan *(Appointed on 5 January 2017 and resigned on 1 January 2018)*	–	250	12	262
Ms. Ho Chi Na *(Appointed on 1 November 2017)*	–	588	18	606
Non-executive directors and independent non-executive directors:				
Ms. Jim Ka Man *(Resigned on 1 November 2017)*	126	–	–	126
Mr. Yuen Koon Tung *(Appointed on 1 November 2017)*	50	–	–	50
Dr. Wan Ho Yuen, Terence *(Resigned on 14 September 2018)*	120	–	–	120
Ms. Yeung Mo Sheung, Ann *(Resigned on 1 November 2017)*	70	–	–	70
Mr. Hau Chi Kit	120	–	–	120
	486	1,642	66	2,194

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

b. Senior management's emoluments

Of the five individuals with the highest emoluments in the Group, three (2017: three) was director of the Company whose emoluments included in the disclosures in note a above.

The emoluments of the remaining one (2018: two) highest paid individuals were as follows:

	2019	2018
	HK$'000	*HK$'000*
Salaries and other benefits	**420**	1,140
Retirement benefits scheme contributions	**18**	36
	438	1,176

Their emoluments were within the following band:

	Number of individuals	
	2019	2018
Nil–HK$1,000,000	**1**	2

c. No emoluments were paid by the Group 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 the two years ended 31 March 2019 and 2018. No bonuses were paid by the Group to the directors or the five highest paid individuals which are discretionary or are based on the Group's performance during the two years ended 31 March 2019 and 2018.

During the year ended 31 March 2019, no directors waived emoluments (2018: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

21. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Computer and office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
At 31 March 2017	1,587	45	4,246	5,465	11,343
Exchange realignment	171	–	423	589	1,183
Addition from acquisition	–	–	121	–	121
Additions	–	11	281	–	292
At 31 March 2018 and at 1 April 2018	1,758	56	5,071	6,054	12,939
Exchange realignment	(289)	–	(716)	(998)	(2,003)
Disposal	(1,469)	(8)	(3,731)	(5,056)	(10,264)
Additions	–	–	2,261	–	2,261
At 31 March 2019	–	48	2,885	–	2,933
ACCUMULATED DEPRECIATION					
At 31 March 2017	1,587	45	3,700	2,511	7,843
Exchange realignment	171	–	377	321	869
Provision for the year	–	1	107	626	734
At 31 March 2018 and at 1 April 2018	1,758	46	4,184	3,458	9,446
Exchange realignment	(289)	–	(637)	(598)	(1,524)
Disposal	(1,469)	(2)	(3,259)	(3,077)	(7,807)
Provision for the year	–	2	589	217	808
At 31 March 2019	–	46	877	–	923
CARRYING AMOUNTS					
At 31 March 2019	–	2	2,008	–	2,010
At 31 March 2018	–	10	887	2,596	3,493

The above items of plant and equipment are depreciated on a straight-line basis over their estimated useful lives, less their residual values, as follows:

Leasehold improvements	Over the shorter of lease terms or 5 years
Furniture and fixtures	5 years
Computer and office equipment	5 years
Motor vehicles	$3\frac{1}{3}$ to 8 years

22. INVESTMENT PROPERTY

	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**136,000**	145,000
(Decrease)/Increase in fair value gain of investment property	**–**	(9,000)
Disposal of subsidiary	**(136,000)**	–
At end of the year	**–**	136,000
Unrealised (loss)/gain on investment property included in profit or loss	**–**	(9,000)

The carrying amounts of investment properties shown above comprise:

	2019	2018
	HK$'000	*HK$'000*
Land in Hong Kong: Medium-term lease	**–**	136,000

The valuations of the Group's investment property was carried out by an independent external property valuer (the "valuer") called Colliers International (Hong Kong) Ltd, which has appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuer applied income capitalisation method in determining the open market values. The specific risk inherent in each property are taken into consideration in arriving at the valuations. The management has discussions with the valuers on the valuation assumptions and valuation results when the valuation is performed at each annual reporting date.

	Fair value as at 31 March		**Fair value hierarchy**	**Valuation technique(s) and key inputs**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
	2019	2018				
	HK$'000	*HK$'000*				
Financial assets						
Investment property	**–**	136,000	Level 3	Income capitalisation method	Rental value of HK$200,000 per square feet per month.	The higher the rental value, the higher the fair value.
					Capitalisation rate of 1.66%	The lower the capitalisation rate, the higher the fair value

As at 31 March 2018, the property with carrying amount of HK$136,000,000 was pledged for a bank and other borrowings.

23. GOODWILL

	2019 HK$'000	2018 HK$'000
At beginning of the year	**58,745**	9,810
Acquisition of subsidiaries	**–**	54,592
Impairment loss	**(21,294)**	(5,657)
At end of the year	**37,450**	58,745

Goodwill is allocated to the Group's cash generated units ("CGU") identified according to business segment as follows:

	2019 HK$'000	2018 HK$'000
OTT Services – FWI Group	**37,450**	54,592
Professional Services – MPL Group	**–**	4,153
	37,450	58,745

The Group performed its annual impairment test for goodwill allocated to the FWI Group and MPL Group by comparing its recoverable amount to its carrying amount as at the end of the reporting period separately. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations used cash flow projections based on a five-year financial budget approved by management. Cash flows beyond a five-year period approved by management have been extrapolated with an estimated general annual growth of 3% of FWI Group and MPL Group separately. The discount rate used of 15% (2018:14.82%) for FWI Group and 20% for MPL Group (2018:17.4%), reflects specific risks related to the relevant segments. Other key assumptions for value in use calculations relate to the estimation of cash inflows/outflows which include budged sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development.

24. INVESTMENT IN ASSOCIATES

	2019 HK$'000	2018 HK$'000
Unlisted investments, at cost	**77,413**	77,634
Share of post-acquisition loss	**(99)**	(221)
Disposal of associates	**(77,314)**	–
	–	77,413

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For the year ended 31 March 2019

24. INVESTMENT IN ASSOCIATES (Continued)

Details of the Group's associates at the end of the reporting period are as follow:

Name of companies	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid up capital	Proportion of ownership interests	Principal activity
Billion Ray Investment Limited	British Virgin Islands	10 ordinary shares of USD10 each	20%	Investment holding
Allied Star Creation Limited	Hong Kong	1 ordinary share	20%	Investment holding
汕頭市麗潮旅遊開發有限公司	the PRC	Registered capital of USD20,000,000	20%	Tourism project development
汕頭市潮人碼頭遊艇俱樂部有限公司	the PRC	Registered capital of RMB1,000,000	20%	Tourism project development

25. INTANGIBLE ASSETS

	Platform *HK$'000*	Non-competition arrangement *HK$'000*	Total *HK$'000*
Cost			
At 1 April 2017	–	4,434	4,434
Acquisition of subsidiaries	34,437	–	34,437
At 31 March 2018, 1 April 2018 and 31 March 2019	34,437	4,434	38,871
Accumulated amortisation and impairment			
At 1 April 2017	–	296	296
Amortisation for the year	5,166	886	6,052
Impairment loss	–	3,252	3,252
At 31 March 2018 and at 1 April 2018	5,166	4,434	9,600
Amortisation for the year	6,887	–	6,887
At 31 March 2019	12,053	4,434	16,487
Net carrying amount			
At 31 March 2019	22,384	–	22,384
At 31 March 2018	29,271	–	29,271

During the year ended 31 March 2017, acquisitions of intangible asset with amount of approximately HK$4,434,000 acquired through acquisition of MPL Group, represent a Non-competition Arrangement with 5 years useful life. Detail of impairment review, please refer to note 23.

During the year ended 31 March 2018, acquisitions of intangible asset with amount of approximately HK$34,437,000 acquired through acquisition of FWI Group, represent platform with 5 years useful life. Detail of impairment review, please refer to not 23.

26. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS/AVAILABLE-FOR-SALE INVESTMENT

On 10 April 2015, the wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with an independent third party for the acquisition of 0.10% equity interest in Satinu Resources Group Limited, which principally engaged in investment holding, property investment, forest holding, money lending, securities brokerage and financial services, corporate finance advisory services, asset management, investment advisory and fund management, at a consideration of HK$6,600,000 in cash. The investment was classify as follow:

	Note	**31/3/2019** *HK$'000*	**1/4/2018** *HK$'000*	**31/3/2018** *HK$'000*
Equity investments classified as available-for-sales	*(i)*	–	–	6,600
Equity investments classified as FVTPL	*(ii)*	3,741	5,828	–
		3,741	5,828	6,600
Presented as				
– Current assets		–	–	–
– Non-current assets		3,741	5,828	6,600
		3,741	5,828	6,600

Note:

(i) These AFS investments were reclassified to FVTPL as appropriate as at 1 April 2018.

(ii) Equity investments classified as FVTPL were unlisted equity securities approximately HK$3,741,000. These investments were classified as available-for-sale investment as at 31 March 2018. They were not designated by management as at FVTOCI.

Fair value information of financial assets

The table below shows carrying amounts and fair values of the equity investment:

	Carrying amounts		**Fair value**	
	2019 HK$'000	2018 HK$'000	**2019 HK$'000**	2018 HK$'000
Available-for-sale equity securities – unlisted	**–**	6,600	**–**	5,828
Financial asset at FVTPL – unlisted	**3,741**	–	**3,741**	–
	3,741	6,600	**3,741**	5,828

27. TRADE AND OTHER RECEIVABLES

	2019 ***HK$'000***	2018 *HK$'000*
Trade and bills receivables	**18,630**	56,620
Less: Impairment loss recognised	**(686)**	(36,851)
	17,944	19,769
Retention receivables	**–**	3,368
Less: Impairment loss recognised	**–**	(939)
	–	2,429
Other receivables	**59**	57,539
Less: Impairment loss recognised	**–**	(40,539)
	59	17,000
	18,003	39,198

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

a. Trade and bills receivables

Trade and bills receivables are due for settlement in accordance with the terms of the underlying agreements with the customers. Trade receivables with balances that are more than 9 months' overdue are requested for settlement of all outstanding balances before any further credit is granted.

Impairment loss is recognised against trade and bills receivables based on estimated irrecoverable amounts determined by reference to past default experience of customers.

An aged analysis of trade and bills receivables based on dates of invoices, net of impairment loss recognised, is as follows:

	2019 ***HK$'000***	2018 *HK$'000*
0–30 days	**2,532**	4,479
31–90 days	**4,510**	7,228
Over 90 days	**10,902**	8,062
	17,944	19,769

Movements in impairment loss on trade and bills receivables are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
At beginning of the year	**36,851**	35,012
Exchange realignment	**(6,059)**	3,682
Recognised during the year	**584**	1,687
Reversal during the year	**–**	(3,530)
Disposal of subsidiaries	**(30,690)**	–
At end of the year	**686**	36,851

Trade and bills receivables amounted to approximately HK$686,000 at 31 March 2018 (2017: HK$36,851,000) were individually determined to be impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

An analysis of trade and bills receivables at 31 March 2019 and 2018 not impaired is as follows:

			Past due but not impaired		
	Total *HK$'000*	**Neither past due nor impaired** *HK$'000*	**Not more than 90 days** *HK$'000*	**More than 90 days but less than 1 year** *HK$'000*	**Over 1 year** *HK$'000*
31 March 2019	17,944	–	7,042	10,902	–
31 March 2018	19,769	–	11,707	8,062	–

Trade and bills receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, 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 still considered fully recoverable. The Group does not hold any collateral over these balances.

27. TRADE AND OTHER RECEIVABLES (Continued)

Notes: (Continued)

b. Retention receivables

Retention receivables, net of impairment loss recognised, amounted to approximately HK$2,429,000 as at 31 March 2018 are substantially due for settlement after a period of more than 12 months.

Movements in impairment losses of retention receivables are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
At beginning of the year	**939**	848
Disposal of subsidiaries	**(939)**	–
Exchange realignment	**–**	91
At end of the year	**–**	939

Retention receivables amounting to approximately HK$nil at 31 March 2019 (2018: HK$939,000) were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

c. Other receivables

	2019 ***HK$'000***	2018 *HK$'000*
Advances to third parties	**–**	56,357
Advances to staff of the Group	**–**	1,182
Others	**58**	–
	58	57,539
Less: Impairment loss recognised	**–**	(40,539)
	58	17,000

The other receivables are unsecured, interest free and repayable on demand. Movements in impairment loss of other receivables are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
At beginning of the year	**40,539**	36,051
Exchange realignment	**–**	4,069
Recognised during the year	**–**	480
Reversal during the year	**–**	(61)
Disposal of subsidiaries	**(40,539)**	–
At end of the year	**–**	40,539

Other receivables amounted to approximately HK$40,539,000 as at 31 March 2018 were individually impaired and impairment loss on these receivables has been made in full. The Group does not hold any collateral over these balances.

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For the year ended 31 March 2019

28. LOAN RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Unsecured fixed-rate loans receivable	**500**	500
Less: Allowance for impairment loss	**(500)**	–
	–	500

The Group's loan receivables arose from the money lending business during the year.

Loan receivables bear interest at rates, and with credit periods, mutually agreed between the contracting parties. Loan receivables are secured by personal guarantees by the debtors/certain individuals. Overdue balances are reviewed regularly and handled closely by senior management.

The loan receivables were neither past due nor impaired relate to certain debtors for whom there was no recent history of default.

Movement in the allowance for doubtful debts:

	2019	2018
	HK$'000	*HK$'000*
At beginning of the year	**–**	–
Impairment loss recognised in respect of trade receivables	**500**	–
At end of the year	**500**	–

Analysis of the gross carry amount of loans receivable is as follows:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Gross carrying amount as at 1 April 2018	–	–	500	500
Write-off	–	–	(500)	(500)
Gross carrying amount as at 31 March 2019	–	–	–	–

Definitions of Stage 1, Stage 2 and Stage 3 are detailed in note 8.

At the end of the reporting period, loans receivable carried fixed interest rates and had effective interest rates ranging from 10% to 12% per annum (2018: 10% to 12% per annum).

Interest income and allowance for loans receivables of approximately HK$60,000 (2018: HK$303,000) and HK$500,000 (2018: Nil) respectively have been recognised in the consolidated statement for comprehensive income for the year ended 31 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

29. DEPOSITS AND PREPAYMENTS

During the year ended 31 March 2019, deposits and prepayments included a prepayment amounted to approximately HK$983,000 (2018: 5,244,000) paid to suppliers relating to obtaining the right to distribute multi-media related services and content in the Greater China via different platform like cable TV.

30. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2019	2018
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	–	224,819
Less: Progress billings	–	(225,380)
	–	(561)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	–	715
Amounts due to customers for contract work	–	(1,276)
	–	(561)

31. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	*HK$'000*
Equity securities listed in Hong Kong, at fair value	–	62,841

The financial assets are held for trading purposes. The fair values of these financial assets are based on quoted market bid prices (Level 1 measurement).

The financial assets at fair value through profit or loss of approximately HK$nil (2018: HK$60,249,000) were pledged as collateral for bank loan of approximately HK$nil as at 31 March 2019 (2018: HK$69,998,000).

32. PLEDGED BANK BALANCE AND BANK BALANCES AND CASH

The pledged bank balance of approximately HK$nil (2018: HK$1,001,000) were pledged as collateral for bank loan of approximately HK$nil as at 31 March 2019 (2018: HK$7,271,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

33. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables *(Note a)*	**10,432**	44,685
Amount due to a former shareholder *(Note b)*	**–**	18,360
Accrued and other payables *(Note c)*	**79,451**	73,825
	89,883	136,870

Notes:

a. An aged analysis of trade payables at the end of the reporting period, based on invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
0–30 days	**1,845**	22,587
31–90 days	**2,602**	3,243
Over 90 days	**5,985**	18,855
	10,432	44,685

The average credit period granted by the suppliers of the Group is 30–90 days (2018: 30–90 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

b. The amount due to an entity, which was a registered shareholder of the Company in prior years, is unsecured, interest free and repayable on demand. This entity ceased to be the Company's registered shareholder since 2014.

c. Include in accrued and other payables, the amount of approximately HK$37,586,000 (2018: HK$50,241,000) represents the amounts due to minority shareholder of a subsidiary. The amounts were unsecured, interest free and repayable on demand (2018: not call for repayment within 12 months).

34. MARGIN PAYABLES

Margin payables represents margin loans arising from the trading of listed investments which are repayable on demand. No ageing analysis is disclosed in respect of margin payables. In opinion of the Directors, an ageing analysis does not give additional value in view of the Group's business nature.

35. BANK AND OTHER BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Bank borrowings	**2,091**	7,271
Other borrowings	**61,899**	199,931
	63,990	207,202

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2019

35. BANK AND OTHER BORROWINGS (Continued)

Notes:

a. As at 31 March 2018, the Group's bank and other borrowings are secured by 100% of the issued capital of certain subsidiaries of the Group and the certain assets of the Group as follows:

	2018 *HK$'000*
Investment property	136,000
Finance assets at fair value through profit or loss	62,841
Pledged bank deposit	1,001
	199,842

b. As at 31 March 2019, the Group has credit and banking facilities totaling HK$73,755,000 (2018: HK$49,238,000), of which HK$51,235,000 (2018: HK$43,271,000) has been utilised, all banking facilities were secured.

c. All other borrowings will be settled within 1 year and hence classified as current liability.

d. As at 31 March 2019 and 31 March 2018, the other borrowings were interest bearing at a fixed rate of 5%–30% per annum.

e. As at 31 March 2019 and 31 March 2018, bank borrowings were bearing interest at a variable rate of 1% per annum over 1 month HIBOR or Bank's cost of funds.

36. BONDS

The bonds are repayable as follows:

	2019 ***HK$'000***	2018 *HK$'000*
Within 1 year	**9,522**	–
Between 2 to 5 years	**7,897**	15,274
	17,419	15,274

(a) On 16 July 2015, the Company issued a bond with principal amount of HK$10,005,000 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.

(b) On 17 July 2015, the Company issued a bond with principal amount of HK$527,000 to an independent third party with coupon interest of 4.85% per annum and a maturity of 7 years from the date of issue. The effective interest rate for the bond is 10.32% per annum after considering the direct transaction costs.

(c) On 14 September 2015, the Company issued a bond of HK$9,800,000 to an independent third party with coupon interest of 6% per annum and a maturity of 4 years from the date of issue. The effective interest rate for the bond is 12.41% per annum after considering the direct transaction costs.

37. SHARE CAPITAL

	Number of shares	Nominal amount *HK$'000*
Authorised:		
Ordinary shares of HK$0.001 each at 31 March 2018, at 1 April 2018 and at 31 March 2019	200,000,000,000	200,000
Issued and fully paid:		
Issue of shares upon:		
Ordinary shares of HK$0.001 each at 31 March 2017 and at 1 April 2017	119,221,878	119
Issue of shares upon:		
– Issue of consideration shares *(Note a)*	23,035,000	23
Ordinary shares of HK$0.001 each at 31 March 2018, 1 April 2018 and 31 March 2019	142,256,878	142

Note:

(a) On 28 June 2017, a total of 23,035,000 consideration shares have been issued at the price of HK$2.06 per share pursuant to the terms and conditions of the sale and purchase agreement to acquire 85% of issue share capital of Full Wealthy International Limited and its subsidiaries (collectively the "FWI Group") at the consideration of HK$47.45 million.

38. PROMISSORY NOTE

The promissory note were settled and movements of the promissory note during the year are as follows:

	2019 ***HK$'000***	2018 *HK$'000*
At beginning of the year	**99,185**	11,554
(Disposal)/acquisition of associates	**(94,073)**	77,634
Interest charge for the year	**8,778**	10,543
Payment and payables	**–**	(627)
Loss or (gain) on early redemption	**–**	81
At end of the year	**13,890**	99,185

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For the year ended 31 March 2019

38. PROMISSORY NOTE (Continued)

The promissory note are repayable as follows:

	2019 HK$'000	2018 HK$'000
Within 1 year	**13,890**	–
Between 2 to 5 years	**–**	99,185
	13,890	99,185

(a) On 23 November 2016, the Company issued a promissory note ("PN1") with principal amount of HK$14,400,000 to a third party as a part of the consideration. The promissory note is unsecure, carries interest at 6% per annum and will be matured on 22 November 2019 ("the PN1 Maturity Date"). The Company has the right to redeem in full or in part of the principal amount together with interest accrued thereon at any time prior to the PN1 Maturity Date. The fair value of the early redemption option was insignificant as at the issue date, as at 31 March 2017 and as at 31 March 2018. The effective interest rate of PN1 is 14.03%.

(b) On 9 May 2017, the Company issued a promissory note ("PN2") with principal amount of HK$100,000,000 to a third party as consideration. The promissory note is unsecure, carries interest at 4% per annum and will be matured on 8 May 2020. The effective interest rate of PN2 is 13.56%.

39. DEFERRED TAX (ASSETS)/LIABILITIES

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movement during the year are as follows:

	Tax loss HK$'000	Recognition of intangible assets HK$'000	Total HK$'000
At 1 April 2017	–	683	683
Acquisition of subsidiaries	(9,259)	5,682	(3,577)
Deferred tax credit to the consolidated statement of profit or loss during the year	1,025	(1,535)	(510)
At 31 March 2018 and at 1 April 2018	(8,234)	4,830	(3,404)
Deferred tax charge/(credit) to the consolidated statement of profit or loss during the year	(1,095)	(1,137)	(2,232)
At 31 March 2019	(9,329)	3,693	(5,636)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. DEFERRED TAX (ASSETS)/LIABILITIES (Continued)

As at 31 March 2019, HK$54,478,000 were not recognised as the Company controls the dividend policy of these subsidiaries and it has determined that those profits will not be distributed in the foreseeable future.

40. ACQUISITION OF SUBSIDIARIES

Full Wealthy Investment Limited and its subsidiary ("FWI Group")

On 28 June 2017, the Group has entered into a sales and purchase agreement with an independent third party for the acquisition of 85% of the issued share capital of FWL Group at a share consideration of HK$47,452,100. FWI Group is principally engaged in provision of multi-media related services and content in the Greater China via different platforms. The acquisition was completed on 28 June 2017.

The following summarises the consideration paid and the fair value of the assets acquired and liabilities assumed at the date of acquisition:

	HK$'000
Plant and equipment	121
Intangible assets	34,437
Deferred tax assets	9,259
Account receivables	2,000
Tax receivables	199
Other receivables	16,056
Pledged bank deposit	1,001
Cash and bank balances	561
Account payables	(15,466)
Accruals and other payables	(47,697)
Bank and other borrowings	(10,663)
Deferred tax liabilities	(5,682)
Total identifiable net liabilities at fair value	(15,874)
Non-controllable interest	2,381
	(13,493)
Contingent consideration	6,352
Goodwill arising on acquisition	54,593
Satisfactory by issuance of consideration shares at fair value	47,452
Analysis of net cash outflow arising on acquisition:	
Cash and bank balances	561
Pledged bank deposit	1,001
	1,562

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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40. ACQUISITION OF SUBSIDIARIES (Continued)

Impact of the acquisition on the results of the Group

Since the acquisition, FWI Group contributed approximately HK$30,385,000 to the Group's revenue and approximately HK$3,215,000 to the consolidated profit for the year ended 31 March 2018.

If the acquisition of the FWI Group had been completed on 1 April 2017, the revenue of the Group and loss of the Group for the year ended 31 March 2018 would have been approximately HK$36,562,000 and approximately HK$1,372,000 respectively. The pro forma information is for illustrative purpose only and is not necessarily an indication of revenue and results of operation of the Group that actually would have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

Pursuant to the sales and purchase agreement ("SPA"), FWI Group warrants and represents to the Group that for the period from 28 June 2017 to 27 June 2018, that the net profit after tax of FWI Group shall not be less than HK$4 million ("Profit Guarantee"). In the event the Profit Guarantee is not achieved, the vendor will make compensation payment amounted to 11.86 times of the shortfall amount (i.e. the difference between actual profit and profit as per Profit Guarantee). At the date of acquisition, the fair value of the contingent consideration receivable is approximately HK$6,352,000, which was estimated by applying the discounted cash flow approach. The fair value estimates are based on a discount factor of 15.7%. This is a level 3 fair value measurement.

As at 31 March 2018, the fair value of contingent consideration is zero. The fair value is estimated based on the valuation performed by independent qualified professional valuers not connected to the Group.

41. DISPOSAL OF SUBSIDIARIES

Tong Fang

On 27 July 2018, the Group entered into a sales and purchase agreement with Jian Kun International Investment Limited, to dispose of Tongfang Electronic Company Limited ("Tong Fang") together with several subsidiaries of Tong Fang (the "Tong Fang Group"), at a consideration of HK$100,000, the disposal was completed on 27 July 2018.

	HK$'000
Net assets disposed of:	
Property, plant and equipment	2,375
Trade receivables	6,050
Retention receivables	1,575
Contract assets	834
Other receivables and prepayment	11,128
Cash and bank	1,731
Trade payables	(26,237)
Receipt in advance	(1,000)
Contract liabilities	(1,091)
Other payable and accruals	(8,413)
Amount due to related company	(15,333)
Provision for taxation	(267)
Income tax payable	(1,961)
Net liabilities	(30,609)
Gain on disposal of subsidiaries	30,709
	100
Considerations:	
satisfied by	
Cash	100

Top Insight

On 9 May 2018, the Group entered into the Swap Agreement with Cordoba Homes Finance Limited ("the creditor"), to which the Group has conditionally agreed to swap the share of one of the subsidiaries of the Group, Top Insight Limited together with its subsidiaries ("the target"), with the Creditor for (i) the Loan and (ii) the provision of the Credit Facility to the Group, the disposal was completed on 10 July 2018.

	HK$'000
Net assets disposed of:	
Investment property	136,000
Deposits	99
Net assets	136,099
Gain on disposal of subsidiaries	2,194
	138,293
Considerations:	
satisfied by	
loan swap	138,293

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42. DISPOSAL OF AN ASSOCIATE

The Company and the purchaser entered into the sale and purchase agreement on 21 May 2018 pursuant to which the purchaser has conditionally agreed to acquire the entire issued share capital of Jovial Tycoon Holdings Limited, the indirectly wholly owned subsidiary of the Company at the consideration of HK$100 million. Jovial Tycoon Holdings Limited owns 20% shareholding interest of the project group which is principally engaged in the operation of the project, a Build Operate Transfer Project of Shantou City Chaoren Port Cultural Park (汕頭市潮人碼頭文化公園特許經營項目). The consideration of HK$100 million is satisfied upon Completion by way of setting off with the principal value of HK$100 million promissory note which issued by the Company in favour of the purchaser in full. Moreover, upon Completion, the purchaser will waive all interest accrued on the promissory note payable by the Company to the purchaser. The transaction has completed on 13 November 2018.

	HK$'000
Investment in associate	77,314
Gain on disposal of subsidiaries	16,759
	94,073
Considerations:	
satisfied by	
Waive of promissory note	94,073

43. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme was adopted pursuant to a resolution passed on 22 October 2003 (the "Old Scheme") for the primary purpose of providing incentives to selected participants, including directors and eligible employees. Under the Old Scheme, the Board of Directors of the Company may grant option to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company. The Old Scheme was expired on 21 October 2013.

The Company's share option scheme (the "New Scheme") was adopted pursuant to a resolution passed on 12 November 2014 for the primary purpose of providing incentives to selected participants, including directors and eligible employees. Under the New Scheme, the Board of Directors of the Company may grant option to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

There were no movement and no outstanding share options as at 31 March 2018 and 2019.

A nominal consideration of HK$1 is payable on the grant of an option. Options may be exercised at any time from the date of grant of the share option to the last day of the ten-year period after grant date. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

No share-based payment expenses were recognised for the year ended 31 March 2019 (2018: Nil) in relation to share options granted by the Company.

44. COMMITMENTS

At the end of the reporting period, the Group had the following commitments:

Commitments under operating leases

The Group as lessee

The Group leased certain of its office premises under operating leases. Leases for properties were negotiated for a term ranging from one to three years and rentals were fixed, with an option to renew the lease. At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**360**	4,156
In the second to fifth years inclusive	**240**	758
	600	4,914

The Group as lessor

The Group leases out investment property under operating leases on terms ranging from two to five years and with an option to renew the lease by the Group after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payment receivable under non-cancellable operating leases are as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**–**	2,000
In the second to fifth years inclusive	**–**	–
	–	2,000

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45. CONTINGENT LIABILITIES

On 4 April 2014, the Company was served with a sealed copy of a petition (the "Petition") issued by Metal Winner Limited ("MWL") in Companies (Winding-up) Proceedings No. 83 of 2014 in the High Court of Hong Kong (the "Winding-up Proceedings") under which MWL (a) claimed that the Company was indebted to MWL in the sum of HK$5,700,000; and (b) petitioned that the Company be wound up by the Court. As at the date of this report, this Petition was dismissed by the High Court of Hong Kong. Separately, there are two other parties who claimed the Company was indebted to them. After investigation, the Company found that the alleged debts claimed by these two parties arose from certain dealings between a former director of the Company and these two parties. The nature and mechanism of these dealings were the same or very similar to that of MWL's. In the Winding-up Proceedings, the court has found that there was an illegal scheme perpetrated on the Company by the aforesaid former director and MWL was a party to that scheme. In gist, the illegal scheme was that the aforesaid former director obtained loans from the counterparty and the Company was falsely made as a borrower to answer the repayment obligation. The Company commenced legal proceedings in the High Court (the "Injunction Proceedings") against these two parties seeking an injunction to restrain them from presenting any petition for the winding-up of the Company or to apply to substitute MWL as petitioner in the Winding-up Proceedings (the "Restrained Acts"). The two parties gave an undertaking to the court not to do the Restrained Acts until the resolution of the Injunction Proceedings.

After the Winding-up Proceedings were dismissed by court, the Company also managed to resolve the Injunction Proceedings by way of a consent order after the two parties were willing to give further undertaking to the court not to present any petition for the winding-up of the Company pending determination of the Writ of Summons to be issued (if any) by them against the Company for recovery of the said alleged debts and/or the determination of any counterclaims or the Writ of Summons to be issued (if any) by the Company against them for declaratory relief that the said alleged debts are void or unenforceable.

On 19 February 2016, the Company has been served with a sealed copy of the Writ of Summons (the "Writ") issued by one of the two parties sued in the Injunction Proceedings (the "Plaintiff"). Under the statement of claim endorsed on the Writ, the Plaintiff claims against the Company for a total sum of HK$16,600,000 allegedly due on the dishonoured cheques issued by the Company and interest thereon.

In view of the Court's favourable findings in the Winding-up Proceedings and the striking similarity between the case of the Plaintiff and that of MWL in the Winding-up Proceedings, the Company believes that it has strong merits in defending the Plaintiff's claims and in counter-claiming such alleged debts are void and unenforceable. Therefore, the Company will vigorously contend the Plaintiff's claims and will seek legal advice to take all appropriate steps in the legal proceedings to safeguard the Company's interest.

On 15 December 2017, a consent order made by the High Court of Hong Kong, the Plaintiff has wholly discontinued the legal action against the Company and the Company has wholly discontinued its counterclaim against the Plaintiff and another co-defendant in the legal action. No compensation or damages was paid or payable by the Company to the Plaintiff or any other person (or vice versa) in connection with the legal action and the aforesaid discontinuation of the legal action.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2019** **HK$'000**	2018 HK$'000
Non-current Assets			
Investments in subsidiaries		**3**	3
		3	3
Current Assets			
Amounts due from subsidiaries	(a)	**4,189**	160,114
Bank balances		**129**	322
		4,318	160,436
Current Liabilities			
Other payables		**8,421**	4,220
Bank and other borrowings		**43,824**	189,586
Bonds		**9,522**	–
Promissory notes		**13,890**	–
Amount due to subsidiaries	(a)	**2,066**	924
		77,723	194,730
Net Current Liabilities		**(73,405)**	(34,294)
Total Assets less Current Liabilities		**(73,402)**	(34,291)
Capital and Reserves			
Share capital		**142**	142
Share premium and reserves	(b)	**(81,441)**	(148,892)
Total Equity		**(81,299)**	(148,750)
Non-current Liabilities			
Bonds		**7,897**	15,274
Promissory notes		**–**	99,185
		7,897	114,459
		(73,402)	(34,291)

The Company's statement of financial position was approval by the Board of Directors on 27 June 2019 and was signed on its behalf.

Lau Kelly
Director

Ho Chi Na
Director

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

a. Amounts due from/(to) subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand.

b. Share premium and reserves

	Share premium HK$'000	Capital reserve HK$'000 (Note)	Exchange translation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2017	463,135	1,200	1,986	(491,207)	(24,886)
Loss and total comprehensive expenses for the year	–	–	–	(171,436)	(171,436)
Issue of shares	47,430	–	–	–	47,430
At 31 March 2018	510,565	1,200	1,986	(662,643)	(148,892)
Profit and total comprehensive income for the year	**–**	**–**	**–**	**67,451**	**67,451**
At 31 March 2019	**510,565**	**1,200**	**1,986**	**(595,192)**	**(81,441)**

Note:

Capital reserve

The capital reserve represents waiver of amount due to a shareholder of the Company during the year ended 31 March 2003. As the waived amount was in substance equivalent to a capital contribution to the Company, hence, it was accounted for as capital reserve.

47. PRINCIPAL SUBSIDIARIES

The following list contains only the particulars of the Company's subsidiaries at 31 March 2019 and 2018 which principally affect the results or assets of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length.

Name of subsidiary	Place of incorporation/ establishment	Place of operations	Class of shares held	Issued share capital/ registered capital	Kind of legal entity	Proportion of nominal value of issued capital/registered capital held by the Company				Proportion of voting power held		Principal activities
						Directly		Indirectly				
						2019 %	2018 %	2019 %	2018 %	2019 %	2018 %	
Trend Brilliant Limited	Hong Kong	Hong Kong	Ordinary shares	HK$10,000	Limited liability company	**100**	100	**–**	–	**100**	100	Investment holding
Sage Choice Inc	Vanuatu	Hong Kong	Ordinary shares	US$100	Limited liability company	**100**	100	**–**	–	**100**	100	Investment holding
CPWorks Limited	Hong Kong	Hong Kong	Ordinary shares	HK$10,000	Limited liability company	**–**	–	**51**	51	**51**	51	Provision of services and solutions on cyber security to customers
Aplex Hong Kong Limited	Hong Kong	Hong Kong	Ordinary shares	HK$17,000,000	Limited liability company	**–**	–	**85**	85	**85**	85	Providing multi-media related services and content

47. PRINCIPAL SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities outstanding at 31 March 2019 and 2018 or at the time during the years ended on those dates.

Details of the Group's non-wholly owned subsidiaries that have material non-controlling interests

Name of subsidiary	Principal place of business and place of incorporation	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interest	
		2019	2018	**2019**	2018	**2019**	2018
				HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
CPWorks Limited	Hong Kong	**51%**	51%	**(1,506)**	(5,000)	**(4,458)**	(2,952)
Full Wealthy International Limited	BVI	**85%**	85%	**(1,273)**	(164)	**(3,633)**	(2,360)
				(2,779)	(5,164)	**(8,091)**	(5,312)

Summarised financial information of subsidiaries of the Group that have material non-controlling Interests

Summarised financial information of each of the Group's subsidiaries that has material non-controlling interests is set out below. The amounts shown below are before intragroup eliminations.

	Full Wealthy International Limited		CPWorks Limited	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Current assets	**23,427**	20,597	**1,167**	750
Non-current assets	**11,223**	8,401	**108**	243
Current liabilities	**(83,516)**	(70,294)	**(10,679)**	(7,018)
Non-current liabilities	**–**	–	**–**	–
Equity attributable to owners of the Company	**(48,866)**	(41,296)	**(9,404)**	(6,025)
Non-controlling interests	**(7,330)**	(6,194)	**(4,608)**	(2,952)

47. PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information of subsidiaries of the Group that have material non-controlling Interests (Continued)

	Full Wealthy International Limited		CPWorks Limited	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Revenue	**51,637**	30,386	**3,617**	2,937
Expenses	**(59,129)**	(27,170)	**(6,995)**	(9,685)
Profit for the year	**(7,492)**	3,216	**(3,378)**	(6,748)
Profit (loss) attributable to owners of the Company	**(6,368)**	2,734	**(1,723)**	(3,441)
Profit (loss) attributable to the non-controlling interests	**(1,124)**	482	**(1,655)**	(3,307)
Profit (loss) for the year	**(7,492)**	3,216	**(3,378)**	(6,748)
Net cash inflow (outflow) from operating activities	**(6,698)**	3,903	**(538)**	(1,183)
Net cash inflow (outflow) from investing activities	**(2,228)**	(87)	**(32)**	(204)
Net cash inflow (outflow) from financing activities	**10,360**	(3,770)	**693**	225
Net cash inflow (outflow)	**1,434**	46	**123**	(1,162)

48. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 March 2019, the Company waived the promissory note for the disposal of associates and loan swap for the settlement of disposal of subsidiaries disclosed in note 41 and 42 is to the consolidated financial statements respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

48. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financial activities

	Bank and other borrowing *HK$'000*	Margin payables *HK$'000*	Bonds *HK$'000*	Promissory note *HK$'000*
At 1 April 2018	207,202	23,256	15,274	99,185
Wavier of promissory note for the settlement of disposal of associates	–	–	–	(94,073)
Interest expenses	–	–	2,145	8,778
Loan swap for the settlement of disposal of subsidiaries	(138,293)	–	–	–
Addition of bank	65,761	2,596	–	–
Repayment of bank and other borrowings	(70,680)	(25,852)	–	–
At 31 March 2019	63,990	–	17,419	13,890

49. RELATED PARTY TRANSACTIONS

All material transactions and balances with related parties have been disclosed elsewhere in the consolidated financial statements.

The key management personnel of the Group comprise all directors of the Company. Details of their emoluments are disclosed in Note 19. The remuneration of the directors of the Company is determined by the remuneration committee having regard to the performance of the individuals and market trends.

50. COMPARATIVE FIGURES

Certain comparative figures have been reclassified and represented to conform with the current presentation.

51. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2019.

FIVE YEAR SUMMARY

FIVE YEAR SUMMARY

	For the year ended 31 March				
	2019	2018	2017	2016	2015
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**55,310**	53,296	36,116	63,289	73,210
Loss before tax	**(38,599)**	(91,841)	(38,863)	(19,725)	(1,038)
Loss for the year	**(36,368)**	(91,300)	(39,320)	(19,802)	(460)
Attributable to:					
Owners of the Company	**(33,589)**	(86,135)	(39,686)	(19,802)	(460)
Non-controlling interests	**(2,779)**	(5,165)	366	–	–
	(36,368)	(91,300)	(39,320)	(19,802)	(460)

	As at 31 March				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**97,702**	438,228	327,226	126,899	169,349
Total liabilities	**(189,304)**	(498,229)	(337,853)	(112,639)	(216,367)
	(91,602)	(60,001)	(10,627)	14,260	(47,018)
Equity/(deficit) attributable to owners of the Company	**(83,511)**	(54,677)	(12,824)	14,260	(47,018)
Non-controlling interests	**(8,091)**	(5,324)	2,197	–	–
	(91,602)	(60,001)	(10,627)	14,260	(47,018)