Dadi International Group Limited
大地國際集團有限公司

(Formerly known as "Zhi Cheng Holdings Limited 智城控股有限公司")

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8130)

ANNUAL REPORT 2019

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 that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 Dadi International Group Limited (formerly known as Zhi Cheng Holdings Limited) (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no any other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

Executive Directors

Mr. Fu Yuanhong (*Chairman*)
(appointed on 19 February 2019)
Mr. Lien Wai Hung (resigned on 31 July 2018)
Mr. Qu Zhongrang (appointed on 23 April 2019)
Dr. Shen Furong (resigned on 13 April 2018)
Mr. Wei Shu Jun (resigned on 13 April 2018)
Mr. Wu Xiaoming *(Executive Vice Chairman)*
Mr. Zhang Zihong (appointed on 3 April 2018 and resigned on 22 March 2019)
Ms. Zhu Qi (resigned on 3 April 2018)

Non-executive Director

Mr. Zhang Honghai *(Honorary Chairman)*
(appointed on 19 February 2019)
Mr. Zhang Xiongfeng (appointed on 3 April 2018)

Independent Non-executive Directors

Dr. Zhang Wei
Dr. Li Zhan
Mr. Law Yui Lun
Mr. Wang Hsiang Hung (resigned on 13 April 2018)

Chief Executive Officer

Mr. Wu Xiaoming

Company Secretary

Ms. Lau Wai Han (resigned on 27 June 2019)
Mr. Chen Yong (appointed on 27 June 2019)
Ms. Mak Po Man Cherie (appointed on 27 June 2019)

Compliance Officer

Mr. Fu Yuanhong

Authorised Representatives

Mr. Fu Yuanhong
Ms. Lau Wai Han (resigned on 27 June 2019)
Ms. Mak Po Man Cherie (appointed on 27 June 2019)

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Audit Committee

Mr. Law Yui Lun (*Chairman)*
Mr. Zhang Xiongfeng
Dr. Zhang Wei
Dr. Li Zhan

Remuneration Committee

Dr. Zhang Wei (*Chairman)*
Mr. Fu Yuanhong
Mr. Wu Xiaoming
Dr. Li Zhan
Mr. Law Yui Lun

Nomination Committee

Mr. Fu Yuanhong (*Chairman)*
Dr. Li Zhan
Dr. Zhang Wei
Mr. Law Yui Lun

Auditors

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Legal Advisers to the Company

As to Hong Kong Law
King & Wood Mallesons

As to Bermuda Law
Conyers Dill and Pearman

Head Office and Principal Place of Business in Hong Kong

Unit 1504-1506, 15th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai, Hong Kong

Principal Bankers

Hang Seng Bank Limited
China Construction Bank (Asia) Corporation Limited

Corporate Website

http://dadi-international.com.hk

GEM Stock Code

08130

Chairman's Statement

Dear shareholders,

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

The year 2018 was an important turning point in which the global economic situation underwent major development, changes and adjustments. Since the beginning of the year, the global economy has maintained its moderate growth. Protectionism and unilateralism were on the rise, and the world economy was disturbed by trade wars initiated by the United States and constant political conflicts. Looking ahead, the global economy will face more uncertainties in view of the apparent slowdown in its growth momentum and the increasing international trade conflicts. Notwithstanding the complex economy, the Company remains confident about the prospect of China's economy and its consistent, steady growth in the long term.

During the Year, the Group recorded an increase in revenue of approximately 54.8% to HK$107.2 million (2018: HK$69.2 million). The revenue was derived from advertising and media related services and provision of financial leasing and other financial services. The Group recorded a loss attributable to owners of the Company of approximately HK$42.7 million (2018: HK$60.0 million). The change was mainly attributed to a decrease in administrative expenses to approximately HK$38.6 million (2018: HK$81.3 million).

Finally, I would like to thank our Board, management and staff for their contributions to the Group. I would also like to extend my sincere gratitude to our shareholders, business partners, customers and suppliers for their continued supports.

Fu Yuanhong
Chairman

General

During the Year, the Group is principally engaged in advertising and media related services and provision of financial leasing and other financial services.

Business Overview

Advertising and Media Related Services

In order to help advertisers in the People's Republic of China (the "PRC") to acquire users for their apps or products overseas, the Company has been engaged in mobile advertising and analytics services by helping advertisers to better acquire users and monetize their products by helping them to reach customers overseas, and to optimize their advertisements through the provision of designing, production, information consulting and marketing planning services. The Group will pay traffic acquisition costs to publishers which are generally overseas media platforms, including Facebook and Google; and they will charge advertisers an agency fee for its user acquisition services, which is usually based on performance-pricing model where advertising is paid on the basis of each installation or click generated from the advertisements that were placed.

During the Year, the revenue contributed by such segment was approximately HK$104.5 million (2018: HK$66.9 million), representing an increase of approximately 56.2%. The loss of this business segment for the Year was approximately HK$2.5 million (2018: profit of HK$3.5 million), representing a decrease of approximately 171.4%.

Provision of Financial Leasing and other Financial Services

During the Year, the revenue contributed by this segment was approximately HK$2.7 million (2018: HK$2.4 million), representing an increase of approximately 12.5%. The loss of this business segment for the Year was approximately HK$9.9 million (2018: HK$30.5 million), representing a decrease of approximately 67.5%. The increase in revenue was mainly due to the revenue generated from financial leasing area and the decrease in loss of this business segment was mainly attributable to the tighten cost control measures implemented.

Financial Review

For the Year, the revenue from continuing operations of the Group was approximately HK$107.2 million (2018: HK$69.2 million), of which approximately HK$104.5 million (2018: HK$66.9 million) was generated from advertising and media related services; approximately HK$2.7 million (2018: HK$2.4 million) was generated from provision of financial leasing and other financial services, thus representing an increase of approximately 54.8% as compared with that of the year ending 31 March 2018.

Administrative expenses decreased by 52.5% to approximately HK$38.6 million from HK$81.3 million in prior year.

Finance costs decreased to HK$3.8 million (2018: HK$5.2 million). The decrease was mainly due to the exchange rate fluctuation of the interest paid on a corporate bond issued by the Company and interest expenses paid on other borrowings.

Loss attributable to owners of the Company was approximately HK$42.7 million (2018: HK$60.0 million). The change was mainly attributed to a decrease in administrative expenses to approximately HK$38.6 million (2018: HK$81.3 million).

Prospects

In September 2018, the Company entered into a memorandum of understanding with Shanxi Dadi Huanjing Investment Holdings Co., Ltd.*（山西大地環境投資控股有限公司）("Shanxi Dadi") in which both parties agreed that they will form strategic partnership with each other, allowing both parties to capitalize on their respective advantages and create synergy effects. To leverage the industrial advantages of Shanxi Dadi and the extensive experience in capital management and investment and financing of the Company's management team, realize the consolidation of regional, financial and market resources through both parties' cooperation and actively explore cooperation methods including but not limited to joint establishment of an investment fund in the ecological and environmental protection field, investment in quality environmental projects overseas and acquisition of cutting-edge and innovative enterprises in the ecological restoration field overseas to expand the business scope of the Company in the financial service segment and focus on environmental investment, which is beneficial to the enhancement of the enterprise value of the Company, the promotion of business development of the Company and the enhancement of the Company's business capability in the financial service segment.

Looking ahead, the Group will continue to leverage on its experience, skillset and know-how to build new growth drivers and initiate new value-adding services, including but not limited to the publication and distribution of books targeted at students for libraries in the PRC. The Group will proactively seek business opportunities that will contribute and sustain the Group's future development on generating better return to shareholders.

Dividend

The Board does not recommend the payment of a dividend for the Year (2018: Nil).

Liquidity and Financial Resources

At 31 March 2019, the Group had total assets of approximately HK$638.5 million (2018: HK$615.8 million), including net cash and bank balances of approximately HK$57.6 million (2018: HK$16.4 million). The increase in net cash and bank balances of the Group during the Year is due to the issue of shares of the Company under the general mandate which was completed on 13 February 2019.

During the Year, the Group financed its operations with internally generated cash flows and the proceeds from the issuance of new shares.

Capital Structure

On 31 January 2019, the Company and Dadi International Holding Limited (the "Subscriber") entered into a subscription agreement (the "Subscription Agreement"), pursuant to which the Company agreed to allot and issue under the general mandate granted to the Board at the annual general meeting of the Company held on 28 September 2018 (the "General Mandate"), and the Subscriber agreed to subscribe for, an aggregate of 324,085,995 new and fully paid ordinary shares (the "Subscription Shares") at the subscription price of HK$0.178 (the "Subscription Price") per Subscription Share (the "Subscription"). The Subscription was completed on 13 February 2019. Upon completion of the Subscription, the total number of issued shares of the Company was 3,564,945,946 shares. The nominal value of the Subscription Shares is HK$0.01 per share, and the net price per Subscription Share, after deducting all such related fees and expenses, was approximately HK$0.173. The closing price of the shares of the Company on the Stock Exchange on 31 January 2019, being the date on which the terms of the Subscription was fixed, was HK$0.135. Please refer to page 29 of the annual report in relation to the expected timeline and the Company's intended application of the net proceeds from the Subscription of approximately HK$56,098,000.

As at 31 March 2019, the net proceeds from the Subscription of approximately HK$56,098,000 has yet to be utilized.

Save as disclosed above, there was no change in the capital structure of the Group at 31 March 2019 as compared with that at 31 March 2018.

Charge on the Group Assets

As at 31 March 2019, the Group did not have any charge on its assets (2018: Nil).

Foreign Exchange Risk

The Group has not used any foreign currency derivative instruments to hedge its exposure to foreign exchange risk. However, the management monitors closely the exposures and will consider hedging the exposures should the need arise.

Commitments

At 31 March 2019, the Group, as a lessor, did not have operating lease commitments (2018: Nil) and as a lessee, had operating lease commitment of approximately HK$8.4 million (2018: HK$23.6 million). The Group also had capital commitment in respect of the formation of joint venture company contracted for of approximately HK$40.9 million (2018: HK$43.8 million).

Contingent Liabilities

At 31 March 2019, the Group had no contingent liabilities (2018: Nil).

Significant Investment

At 31 March 2019, the Group did not hold any significant investment.

Material Acquisitions and Disposal of Subsidiaries and Affiliated Companies

The Group did not make any material acquisitions and disposal of subsidiaries and affiliated companies during the Year.

Future Plan for Material Investments and Capital Assets

By using the funds provided to the Group under the trust loan agreement entered into with Daye Trust Company Limited（大業信託有限責任公司）on 22 May 2019, the Group intends to establish a joint venture company with Juvenile & Children's Publishing House（少年兒童出版社）(the "Joint Venture"). The Joint Venture will be principally engaged in, including but not limited to, the animation design and production, publication and distribution of books and the development and establishment of relevant cultural media channels surrounding the works including I Wonder Why. For further details, please refer to the announcements of the Company dated 2 June 2019 and 13 June 2019.

Saved as disclosed in this annual report, the Group does not have any concrete plan for material investments or capital assets for the coming year.

Principal Risks and Uncertainties

Principal risks	Description	Mitigating actions
Business risk	Business risk is the risk of rapid changes in customers' preference and price driven competition could impact the Group's performance.	• Review market trends and maintain a competitive position by recruiting and retaining quality staff to provide flexible solutions to the customers.
Economic risk	Economic risk is the risk of any downturn in economic conditions could impact the Group's performance.	• Review forward looking indicators to identify economic conditions.
Liquidity risk	Liquidity risk is the risk that the Group would not be able to meet its financial obligations as they fall due.	• Monitor liquidity and balance sheet. • Maintain appropriate liquidity to cover commitments.
Exchange risk	Exchange risk is the risk that changes in foreign exchange rates would affect the Group's income and the value of its holdings of assets.	• Closely monitor statement of financial position and cashflow exchange risk exposures and consider appropriate use of financial instruments, such as forward exchange contracts, foreign currency options and forward rate agreements, to hedge the exchange risk.
People risk	People risk is the risk of loss the services of any Directors, senior management and other key personnel could have a material adverse effect on the Group's businesses.	• Provide competitive reward and benefit packages to attract and retain the employees the Group need. • Ensure that the staff of the Group has the right working environment to enable them to do the best job and maximise their satisfaction at work.
Legal and regulatory risk	Legal and regulatory risk is the risk that a breach of laws and regulations could lead to litigation, investigations or disputes, resulting in additional costs on civil and/or criminal proceedings and reputational damage being incurred.	• Monitor changes and developments in the regulatory environment and ensure that sufficient resources being made available to implement for any compulsory changes. • Seek legal or other specialist advice as appropriate.

Environmental Policies

The Group is committed to acting in an environmentally responsible manner. Recycling and use of eco-friendly stationery, plus a series of measures to save paper and energy, resulted in more efficient use of resources, as well as reduction of waste.

Compliance with Environmental Regulations

Due to the nature of the business of the Group, the Directors are of the opinion that no specific laws and regulations related to environmental protection has significant impact on the operations of the Group.

Relationship with Customers, Suppliers

The percentage of sales and purchases for the Year attributable to the Group's major customers and suppliers are as follows:

Sales	
– the largest customer	22.4%
– five largest customers combined	90.8%
Purchases	
– the largest supplier	72.0%
– the five largest suppliers combined	100.0%

At no time during the Year did the Directors, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) have an interest in the major customers or suppliers noted above.

Emolument Policy

The emoluments of the Directors are decided by the Board with reference to the recommendations from the Remuneration Committee of the Board, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to Directors and eligible participants, details of the share option scheme is set out in note 40 of the consolidated financial statements.

Management Contract

No management contract was in force during the Year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the Year or at any time during the Year.

Employment Information

At 31 March 2019, the Group had 38 employees (2018: 38). Their remuneration, promotion and salary review are assessed based on job responsibilities, work performance, professional experiences and the prevailing industry practices. The employees in Hong Kong joined the mandatory provident fund scheme. Other benefits include share options under the current share option scheme adopted on 25 September 2012.

Financial Key Performance Indicators

The gearing ratio, expressed as a percentage of total liabilities over total assets, was 23.2% (2018: 18.3%). The change in gearing ratio was mainly attributed to the increase in trade and other payables generated from the operation during the Year.

The Group is considering other financial key performance indicators to assess the performance for specific business segments of the Group.

Executive Directors

Mr. Fu Yuanhong, aged 51, is the chairman of the Board and he is responsible for overall management of the Board. He has served as the chairman of Shanxi Minji Eco-Environment Engineering Co., Ltd. (now renamed as Shanxi Dadi Minji Eco-Environment Co., Ltd., a company listed on the National Equities Exchange and Quotations System (The New Third Board), stock code: 833365) since 21 December 2018. Mr. Fu obtained a bachelor's degree in environmental protection from Shanxi University in July 1992 and obtained the title of senior engineer in March 2011. Mr. Fu was appointed as the chairman of the Board and an executive Director with effect from 19 February 2019.

Mr. Wu Xiaoming, aged 57, is the executive vice chairman and the chief executive officer of the Company and is experienced in financing and practice in business management, team building, corporate strategy development and implementation in large corporations, he also has in-depth knowledge and operational experience in investments and development of large-scale projects. Mr. Wu was appointed as the chief executive officer, an executive Director and the executive vice chairman, on 28 April 2016, 30 September 2016 and 3 April 2018 respectively.

Mr. Qu Zhongrang, aged 52, obtained a bachelor's degree in laws from China University of Political Science and Law in January 2007. Mr. Qu was appointed as an executive Director of the Company with effect from 23 April 2019.

Non-executive Directors

Mr. Zhang Honghai, aged 65, has worked for the Beijing Municipal Government for many years and accumulated extensive experience in corporate management. He was the director of the Foreign Affairs Office of the People's Government of Beijing Municipality and Hong Kong and Macao Affairs Office of the People's Government of Beijing Municipality and was the vice president of the Beijing Chinese Overseas Friendship Association. Mr. Zhang was the executive director, vice chairman and president in Beijing Enterprises Holdings Limited (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), stock code: 392) from December 2003 to April 2014. He served as an executive director and the chairman of Beijing Enterprises Water Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 371) from May 2008 to October 2014. He served as an executive director in Beijing Development (Hong Kong) Limited (now renamed as Beijing Enterprises Environment Group Limited, a company listed on the Main Board of the Stock Exchange, stock code: 154) from March 2004 to June 2015. He served as an executive director and the chairman in BEP International Holdings Limited (now renamed as New Provenance Everlasting Holdings Limited, a company listed on the Main Board of the Stock Exchange, stock code: 2326) from October 2013 to June 2017. He served as an independent non-executive director in China Ground Source Energy Industry Group Limited (now renamed as China Geothermal Industry Development Group Limited, a company listed on the GEM of the Stock Exchange, stock code: 8128) from September 2014 to December 2016. Mr. Zhang obtained a bachelor's degree from Peking University in February 1982 and subsequently obtained a master's degree in industrial foreign trade from the International Business School of Hunan University in July 1997. Mr. Zhang also obtained an Executive Master of Business Administration degree from Guanghua School of Management, Peking University in July 2007 and held the title of senior economist. Mr. Zhang was appointed as a non-executive Director with effect from 19 February 2019.

Mr. Zhang Xiongfeng, aged 51, has extensive experience in the investment banking industry specialising in the area of corporate finance. Mr. Zhang was a non-executive director of Fire Rock Holdings Limited, whose shares are listed on the GEM of the Stock Exchange (Stock Code: 8345) from January 2016 to October 2018; a non-executive director of Pa Shun International Holdings Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 574); and was an executive director and chairman of the board of Hang Tai Yue Group Holdings Limited (formerly known as Interactive Entertainment China Cultural Technology Investments Limited) (Stock Code: 8081) shares are listed on GEM from December 2013 to December 2018. Mr. Zhang was appointed as a non-executive Director on 3 April 2018.

Independent Non-executive Directors

Dr. Zhang Wei, aged 64, had taught Development Economics and Chinese Economy at the University of Cambridge in the UK since 2000 and is also the founding director of Economic Research Centre for Greater China in Cambridge. Dr. Zhang was appointed as an independent non-executive Director on 1 November 2017.

Dr. Li Zhan, aged 57, graduated from Shanghai Jiao Tong University with a doctorate degree in 1987. Dr. Li has accumulated over 30 years of experience in corporate operation and investment management, and has profound experience and excels in academic research. Dr. Li was appointed to work in Hong Kong from 1996 to 2007, as the general manager of the R&D department in Shanghai Industrial Investment (Holdings) Co. Ltd., and concurrently worked as the deputy general manager of corporate management department of Shanghai Industrial Group; the deputy general manager of the Chairman Office in Shanghai Industrial Holdings Limited, a blue chip listed company in Hong Kong (stock code: 363); an adjunct professor of the College of Business of the City University of Hong Kong; and an advisory committee member of the Faculty of Business of the Hong Kong Polytechnic University. Mr. Li has worked as the director of Research Center of Innovation and Entrepreneurship in Shanghai Jiao Tong University since 2003. From 2008 to 2014, Dr. Li was the chairman of Shanghai Jiaoda Withub Information Industrial Co., Ltd., a company listed on GEM of the Stock Exchange of Hong Kong (stock code: 8205); an officer of Shanghai Withub Hi-Tech Business Incubator*（上海慧谷高科技創業中心）, a state science and technology business incubator; and the general manager of Shanghai Jiaoda Science Park Limited*（上海交大科技園有限公司）, a state university science park. Since February 2018, Dr. Li has served as an independent non-executive Director.

Mr. Law Yui Lun, aged 57, an associate member of the Taxation Institute of Hong Kong and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom. Mr. Law has extensive professional experience in the fields of auditing, accounting, corporate taxation, company liquidation and insolvency, financial advisory and management for over 30 years. Mr. Law is currently independent non-executive director of CBK Holdings Limited (Stock Code: 8428), which is listed on the GEM of the Stock Exchange and Shougang Concord Century Holdings Limited (Stock Code: 0103), which is listed on the Main Board of the Stock Exchange. Mr. Law was appointed as an independent non-executive Director on 1 November 2017.

Senior Management

Mr. Wu Xiaoming, aged 57, is the executive Director, executive vice chairman and chief executive officer of the Company. He is responsible for the overall management and operation, liaison with major customers and business development of the Group. Please see his biography set out in the sub-section headed "Executive Directors" above.

Introduction

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

Corporate Governance Practices

The corporate governance principles of the Company emphasise a quality Board, sound internal controls, transparency and accountability to all shareholders. By applying rigorous corporate governance practices, the Group believes that its accountability and transparency will be improved thereby instilling confidence to shareholders and the public. Throughout the Year, the Group has complied with all applicable code provisions in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Board has, since the amendments to the GEM Listing Rules regarding corporate governance practices were first proposed by the Stock Exchange, continued to monitor and review the Group's progress in respect of corporate governance practices to ensure compliance. Meetings were held throughout the Year and where appropriate, circulars and other guidance notes were issued to Directors and senior management of the Group to ensure awareness to issues regarding corporate governance practices.

The Board

Responsibilities

The Board is responsible for the leadership and control of the Company and oversees the Group's business, strategic decisions and performances and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. In practice, the Board takes responsibility for decision making in all major matters of the Company including: the approval and monitoring of all policy matters, the setting of objectives, annual budgets and overall strategies, material transaction, appointment of Directors and other significant financial and operational matters. The day-to-day management, administration and operation of the Company are delegated to the senior executives. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by these senior executives and the Board has the full support of them to discharge its responsibilities.

Composition

The Board currently comprises eight Directors: three executive Directors, two non-executive Directors and three independent non-executive Directors that are more than one-third of the Board. Biographical details of the Chairman and other Directors are set out in the section of "Profile of Directors" on pages 11 to 12.

The Directors have distinguished themselves in their field of expertise and have exhibited high standards of personal and professional ethics and integrity. All the Directors give sufficient time and attention to the Company's affairs. The Board believes that the ratio of executive to non-executive Directors is reasonable and adequate to provide checks and balances that safeguard the interest of the shareholders and the Company as a whole.

At 31 March 2019, the Board comprised seven Directors, including two executive Directors, namely Mr. Fu Yuanhong and Mr. Wu Xiaoming, two non-executive Directors, namely Mr. Zhang Honghai and Mr. Zhang Xiongfeng, and three independent non-executive Directors, namely Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun. One of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

The Board as a whole is responsible for the appointment of new Directors and Directors nomination for re-election by shareholders at the annual general meeting of the Company. Under the Company's bye-laws, the Board may from time to time appoint a Director either to fill a vacancy or as an addition to the Board. Any new Director appointed to fill a casual vacancy shall hold office until the first general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election.

Chairman and Chief Executive

At 31 March 2019, Mr. Fu Yuanhong and Mr. Wu Xiaoming served as the chairman and the chief executive officer of the Company respectively. The positions of the chairman and the chief executive officer of the Company are held by different persons in order to ensure independence and accountability of their respective functions and balanced distribution of power and authority between them.

Independence

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, and is in compliance with the GEM Listing Rules. The Company considers these Directors to be independent under the guidelines set out in Rule 5.09 of the GEM Listing Rules.

Board Meetings and Shareholders' Meetings

The Board regularly meets in person or through other electronic means of communication at least four times every year to determine overall strategic direction and objectives and approve quarterly, interim and annual results, and other significant matters. At least fourteen days' notice of regular Board meeting is given to all Directors, who are all given an opportunity to attend and include matters in the agenda for discussion. Apart from regular meetings, senior management from time to time provides Directors information on activities and development of the businesses of the Group.

During the Year, 10 Board meetings were held. Details of the attendance of the Directors at general meeting, the meetings of the Board and its respective committees are as follows:

Name of Director	*Notes*	General Meeting Attended/Held	Board Meeting Attended/Held	Audit Committee Attended/Held	Remuneration Committee Attended/Held	Nomination Committee Attended/Held
Executive Directors						
Mr. Fu Yuanhong *Chairman*	*1*	0/0	1/1	N/A	0/0	0/0
Mr. Lien Wai Hung	*2*	0/0	0/3	N/A	0/1	0/1
Dr. Shen Furong	*3*	0/0	1/1	N/A	N/A	1/1
Mr. Wei Shu Jun	*4*	0/0	1/1	N/A	N/A	N/A
Mr. Wu Xiaoming		1/1	10/10	N/A	2/2	N/A
Mr. Zhang Zihong	*5*	0/1	10/10	N/A	N/A	2/2
Ms. Zhu Qi	*6*	0/0	0/0	N/A	N/A	N/A
Non-executive Directors						
Mr. Zhang Honghai	*7*	0/0	1/1	N/A	N/A	N/A
Mr. Zhang Xiongfeng	*8*	1/1	10/10	4/4	N/A	N/A
Independent non-executive Directors						
Dr. Zhang Wei		0/1	10/10	4/4	2/2	2/2
Dr. Li Zhan		0/1	10/10	4/4	2/2	2/2
Mr. Law Yui Lun		0/1	10/10	4/4	2/2	2/2
Mr. Wang Hsiang Hung	*9*	0/0	1/1	N/A	N/A	N/A

Notes:

1. Mr. Fu Yuanhong was appointed as an executive Director with effect from 19 February 2019.

2. Mr. Lien Wai Hung resigned as an executive Director with effect from 31 July 2018.

3. Dr. Shen Furong resigned as an executive Director with effect from 13 April 2018.

4. Mr. Wei Shu Jun resigned as an executive Director with effect from 13 April 2018.

5. Mr. Zhang Zihong was appointed as an executive Director with effect from 3 April 2018 and he resigned as an executive Director with effect from 22 March 2019.

6. Ms. Zhu Qi resigned as an executive Director with effect from 3 April 2018.

7. Mr. Zhang Honghai was appointed as a non-executive Director with effect from 19 February 2019.

8. Mr. Zhang Xiongfeng was appointed as a non-executive Director with effect from 3 April 2018.

9. Mr. Wang Hsiang Hung resigned as an independent non-executive Director with effect from 13 April 2018.

Training and support for Directors

All Directors must keep abreast of their collective responsibilities as Directors and of the business of the Group. As such, the Group provides an induction to each newly appointed Director upon his/her appointment. Briefings and orientations are provided and organised to ensure that the new Directors are familiar with the role of the Board, their legal and other duties as a Director as well as the business and governance practices of the Group. Such programmes are tailored to each individual Director taking into account their background and expertise. The Company will continuously update all Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements to ensure compliance of the same by all Directors.

All Directors also participate in continuous professional development programmes provided or procured by the Group, such as external seminars organised by qualified professionals, to develop and refresh their knowledge and skills in relation to their contribution to the Board. A record of the training received by the respective Directors are kept and updated by the Company.

Board Diversity

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board.

Remuneration Committee

A remuneration committee was established with specific written terms of reference. At the date of this annual report, the remuneration committee consists of five members, of which two of them are executive Directors namely Mr. Fu Yuanhong and Mr. Wu Xiaoming, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun. The chairman of the remuneration committee is Dr. Zhang Wei.

The remuneration committee is responsible for formulating and recommending to the Board the remuneration policy, determining the remuneration of Directors and members of senior management of the Group, as well as reviewing and making recommendations on the Company's share option scheme, bonus structure, provident fund and other compensation-related issues. This committee consults with the chairman on its proposals and recommendations and has access to professional advice if deemed necessary. The remuneration committee is also provided with other resources enabling it to discharge its duties.

The remuneration committee meets at least once a year.

During the Year, the remuneration committee held 2 meetings.

Nomination Committee

The nomination committee was established with specific written terms of reference. At the date of this annual report, the nomination committee consists of four members, of which one of them is an executive Director, namely Mr. Fu Yuanhong, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun. The chairman of the nomination committee is Mr. Fu Yuanhong.

The duties of the nomination committee include reviewing the structure, size and composition of the Board at least annually, making recommendations on any proposed changes to the board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting individuals nominated for directorship, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The nomination committee meets at least once a year.

During the Year, the nomination committee held 2 meetings.

Board Nomination Policy

The Company adopted a nomination policy for the nomination committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Procedure

The nomination committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required. The nomination committee utilises various methods for identifying Director candidates, including recommendations from Board members, management, and professional search firms. All Director candidates, including incumbents and candidates nominated by shareholders are evaluated by the nomination committee based upon the director qualifications. While Director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The nomination committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The nomination committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the Director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Auditors' Remuneration

For the Year, the remuneration in respect of audit services provided by the auditors, HLB Hodgson Impey Cheng Limited, amounted to approximately HK$1,113,000; and HK$198,000 were fees for agreed-upon procedures.

Audit Committee

The Company established an audit committee with written terms of reference. As at the date of this annual report, the audit committee consists of four members, of which one of them is a non-executive Director, namely Mr. Zhang Xiongfeng, and three of them are independent non-executive Directors, namely Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun. The chairman of the audit committee is Mr. Law Yui Lun.

The main duties of the audit committee include the followings:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant, compliance officer or external auditors before submission to the board.

(b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The audit committee is provided with sufficient resources enabling it to discharge its duties.

The audit committee held 4 meetings during the Year, to review the financial results and reports, financial reporting and compliance procedures, report on the company's internal control and risk management review and processes as well as the re-appointment of the external auditors.

There is no material uncertainty relating to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the Year has been reviewed by the audit committee.

Company Secretary

Ms. Lau Wai Han ("Ms. Lau"), the company secretary of our Company, is responsible for advising the Board regarding corporate governance issues, and ensures to comply with the policies and procedures of the Board, applicable laws, rules and regulations. For the Year, in order to more effectively perform their duties and according to the requirements of the GEM Listing Rules, Ms. Lau accepted professional training not less than 15 hours in total.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in rules 5.48 to 5.67 to the GEM Listing Rules as its own code of conduct for dealings in securities of the Company by Directors (the "Code"). The Company, having made specific enquiry of all Directors, confirms that its Directors have complied with the required standard set out in the Code during the Year.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditors are responsible to form an independent opinion, based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

Internal Control and Risk Management

The Board has overall responsibility for the internal control system and risk management of the Group and it has delegated to the executive management to carry out the risk identification and monitoring procedures. The objectives of the risk management are to enhance the governance and corporate management processes as well as to safeguard the interests of the shareholders and the assets of the Group.

The Board highly emphasized on internal control and adopted various initiatives to control and monitor the business of the Company and prevent potential risks. The Company has established internal audit function to conduct regular review on all the policies and procedures of material control, and report all material issues to the Board and audit committee at least once annually.

The Group adopted a three-line risk management approach to identify, analyze, assess, mitigate and handle risks. The first line of defence is that the Group's employees must understand that their roles and responsibilities to identify, assess and monitor risks associated with transactions. The second line of defence is the Group's management that provides independent oversight of the first line of defence. It ensures that risks are within the Group's risk capacity and that the control of the first line of defence is effective. As the final line of defence, the audit committee of the Company, with the advices and opinions from the external professional party (such as the auditor) and annual review by the internal audit function, ensures that the first and second lines of defence are effective.

Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the executive management have provided sufficient internal control and risk management for the Group.

The Board reviewed the risk management and internal control system adopted by the Group annually. For the Year, the Board is of the view that the systems are effective and there are no irregularities, improprieties, fraud or other deficiencies that suggest material deficiency in the effectiveness of the Group's internal control system.

Disclosure of Inside Information

The Group acknowledges its responsibilities under the Securities and Futures Ordinance ("SFO") and the GEM Listing Rules and the overriding principle that Inside Information should be announced immediately when it is the subject of a decision. The procedures and internal controls for the handling and dissemination of Inside Information are as follows:

- the Group conducts its affairs with close regard to the disclosure requirement under the GEM Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission of Hong Kong in June 2012;
- the Group has strictly prohibited unauthorised use of confidential or Inside Information; and
- the Group regularly reminds its Directors and employees about due compliance with all polices regarding the Inside Information, as well as keeps them appraised of the latest regulatory updates.

Dividend Policy

The Company may distribute dividends by way of cash or by other means that the Company considers appropriate. Any proposed distribution of dividends shall be determined by the Board and will be subject to shareholders' approval. A decision to declare or to pay dividends, and the amount of dividends, will depend on a number of factors, including the Company's operating results, cash flow, financial condition, payments by our subsidiaries of cash dividends to us, future prospects and other factors that the Directors may consider important.

Constitutional Documents

The Company has not made any changes to its bye-laws during the Year.

Shareholders Relations

The Company is committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its shareholders. The commitment to fair disclosure and comprehensive and transparent reporting of the Company's activities can be reflected in many aspects.

In endeavouring to maintain an on-going dialogue with shareholders, the annual general meeting provides a useful forum for shareholders to exchange views with the Board.

The proceedings of the annual general meeting are reviewed from time to time to ensure the Company conforms to the best practices regarding corporate governance. The annual general meeting circular, which is circulated to all shareholders at least 21 days prior to the holding of the annual general meeting, sets out the details in relation to each resolution proposed, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the Company's 2018 annual general meeting, all the resolutions were put to the vote by poll and Tricor Secretaries Limited, the Company's Hong Kong Branch Share Registrar, was engaged as scrutineer to ensure the votes were properly counted. The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meeting are contained in the Company's Bye-laws.

Shareholders of the Company who hold 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 of the Company, to require a special 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 months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so themselves.

The Company publishes its announcements, financial information and other relevant data on its website at http://dadi-international.com.hk, as a channel to enhance effective communication. Shareholders are welcomed to make enquiries to the Company by sending the enquiries to the principal place of business in Hong Kong of the Company, or via phone, fax or email. The Company will respond to all enquiries in a timely and appropriate manner.

Information about the principal place of business in Hong Kong of the Company is set out on page 3 of this annual report.

The Company also communicates to its shareholders through its annual, interim and quarterly reports.

Conclusion

The Company believes that good corporate governance is significant in maintaining investor confidence and attracting investment. The management will devote considerate effort to strengthen and improve the standards of the corporate governance of the Group.

The Directors present their annual report and the audited financial statements for the Year.

Principal activities and geographical analysis of operations

The principal activities of the Group are provision of advertising and media related services and financial leasing and other financial services. Details of the activities of its subsidiaries are set out in note 41 to the consolidated financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the group and an indication of likely future developments in the group's business, can be found in the "Management Discussion and Analysis" section set out on pages 5 to 10 of this report. This discussion forms part of this Director's report.

An analysis of the Group's revenue for the Year by geographic segment is set out in note 10 to the consolidated financial statements.

Results

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income on pages 38 and 39 of this annual report.

The Directors do not recommend the payment of any dividend in respect of the Year.

Financial summary

The summary of the results and the assets and liabilities of the Group for the past five financial years is set out on page 150 of this annual report.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group during the Year are set out in note 19 to the consolidated financial statements.

Share capital and share options

Details of the movements in the Company's share capital and share options during the Year are set out in notes 32 and 40 to the consolidated financial statements respectively.

Reserves

Details of the movement in the reserves of the Group and the Company during the Year are set out in the consolidated statement of changes in equity on pages 42 to 43 of this annual report and note 42 to the consolidated financial statements respectively.

Purchase, sale or redemption of shares

During the Year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the law of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Tax relief

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

Convertible bonds

There are no outstanding convertible bonds during the Year.

Distributable reserves

There are no reserves available for distribution to the Company's shareholders at 31 March 2019 (2018: Nil).

Charitable donations

Charitable donations made by the Group during the Year amounted to HK$Nil (2018: Nil).

Events after the reporting period

On 1 April 2019, a special general meeting was held to approve by way of special resolution the change of the name of the Company from "Zhi Cheng Holdings Limited" to "Dadi International Group Limited" and the secondary name of the Company from "智城控股有限公司" to "大地國際集團有限公司". The special resolution proposed at the special general meeting was duly passed and the change of name became effective on 14 May 2019. For further information, please refer to the circular of the Company dated 8 March 2019 and the poll results announcement dated 1 April 2019.

To reflect the new corporate image brought by the change of Company names, the stock short names the Company have been changed from "ZHI CHENG H" to "DADI INTL GROUP" in English and from "智城控股" to "大地國際集團" in Chinese with effect from 9:00 a.m. on 17 May 2019, and the Company's website has been changed from www.zhicheng-holdings.com to http://dadi-international.com.hk with effect from 15 May 2019. For further information, please refer to the announcement of the Company dated 15 May 2019.

Other than the above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 March 2019 and up to the date of this report.

Sufficiency of public float

The Company has maintained a sufficient public float throughout the Year.

Permitted Indemnity Provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors (whether made by the Company or otherwise) or an associated company (if made by the Company).

Directors

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

Executive Directors

Mr. Fu Yuanhong	(appointed on 19 February 2019)
Mr. Lien Wai Hung	(resigned on 31 July 2018)
Mr. Qu Zhongrang	(appointed on 23 April 2019)
Dr. Shen Furong	(resigned on 13 April 2018)
Mr. Wei Shu Jun	(resigned on 13 April 2018)
Mr. Wu Xiaoming	
Mr. Zhang Zihong	(appointed on 3 April 2018 and resigned on 22 March 2019)
Ms. Zhu Qi	(resigned on 3 April 2018)

Non-executive Director

Mr. Zhang Honghai	(appointed on 19 February 2019)
Mr. Zhang Xiongfeng	(appointed on 3 April 2018)

Independent non-executive Directors

Dr. Zhang Wei	
Dr. Li Zhan	
Mr. Law Yui Lun	
Mr. Wang Hsiang Hung	(resigned on 13 April 2018)

In accordance with Bye-law 83(2) of the Bye-laws of the Company, the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the Members in general meeting, as an addition to the existing Board. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Accordingly, Mr. Fu Yuanhong, Mr. Qu Zhongrang and Mr. Zhang Honghai will retire from office at the following annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Bye-law 84(1) of the Bye-laws of the Company, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Mr. Wu Xiaoming, Mr. Zhang Xiongfeng, Dr. Zhang Wei, Dr. Li Zhan and Mr. Law Yui Lun will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' service contracts

Mr. Fu Yuanhong was appointed as an executive Director of the Company for a term of 3 years commencing from 19 February 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Fu's remuneration will be director fee of HK$50,000 per month.

Mr. Qu Zhongrang was appointed as an executive Director of the Company for a term of 3 years commencing from 23 April 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director fee of HK$50,000 per month.

Mr. Wu Xiaoming was appointed as an executive Director of the Company for a term of 3 years commencing from 30 September 2016, subject to retirement by rotation and re-election, in accordance with the bye-laws of the Company. Mr. Wu's remuneration will be director fee of HK$50,000 and salary of HK$120,000 per month.

Mr. Zhang Honghai was appointed as a non-executive Director of the Company for a term of 3 years commencing from 19 February 2019, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director fee of HK$30,000 per month.

Mr. Zhang Xiongfeng was appointed as a non-executive Director of the Company for a term of 3 years commencing from 3 April 2018, subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. Mr. Zhang's remuneration will be director fee of HK$30,000 per month.

Dr. Zhang Wei was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Zhang Wei shall receive a remuneration of HK$30,000 per month.

Dr. Li Zhan was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 February 2018, and is subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Dr. Li shall receive a remuneration of HK$30,000 per month.

Mr. Law Yui Lun was appointed as an independent non-executive Director of the Company for an initial term of three years commencing from 1 November 2017, subject to retirement by rotation and other related provisions as stipulated in the bye-laws of the Company. Mr. Law shall receive a remuneration of HK$30,000 per month.

Save as disclosed above, none of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

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

Long positions in ordinary shares of HK$0.01 each of the Company

Name of Director	Capacity/Nature of Interests	Number of Shares held/ interested	Percentage of the Company's issued share capital
Mr. Wu Xiaoming	Beneficial owner	21,740,000	0.61%
Mr. Zhang Xiongfeng	Beneficial owner	206,589,000	5.80%
	Interest of spouse	2,120,000 (Note)	0.06%
	Sub-total	208,709,900	5.85%

Note:

These shares are owned by the spouse of Mr. Zhang Xiongfeng. Mr. Zhang Xiongfeng is deemed to be interested in all the shares held by his spouse under the SFO.

Share option schemes

Particulars of the Company's share option schemes are set out in note 40 to the consolidated financial statements.

Arrangement to purchase shares or debentures

Other than the share option schemes disclosed above and in note 40 to the consolidated financial statements respectively, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in contracts

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

Competing interests

At 31 March 2019, none of the Directors, the controlling shareholders nor their respective close associates had an interest in any business which competes or may compete with the business of the Group pursuant to Rule 11.04 of the GEM Listing Rules.

Substantial shareholders

At 31 March 2019, the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following shareholder (other than the Directors or chief executives of the Company) had an interest of 5% or more in the issued share capital of the Company:

Long position in ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity/Nature of Interests	Number of Shares held	Percentage of the Company's issued share capital
山西省國有資本投資運營有限公司	Interest in a controlled corporation	853,625,995 (Note)	23.94%
山西大地環境投資控股有限公司	Interest in a controlled corporation	853,625,995 (Note)	23.94%
山西省環境保護基金有限公司	Interest in a controlled corporation	853,625,995 (Note)	23.94%
山西省環境集團有限公司	Interest in a controlled corporation	853,625,995 (Note)	23.94%
Dadi International Holdings Co., Ltd	Beneficial owner	853,625,995 (Note)	23.94%

Note:

Dadi International Holdings Co., Ltd is beneficially and wholly-owned by 山西省環境集團有限公司, which is in turn beneficially and wholly-owned by 山西省環境保護基金有限公司, which is in turn beneficially and 99.98% owned by 山西大地環境投資控股有限公司, which is in turn beneficially and wholly-owned by 山西省國有資本投資運營有限公司. As such, each of 山西省環境集團有限公司, 山西省環境保護基金有限公司, 山西大地環境投資控股有限公司 and 山西省國有資本投資運營有限公司 is deemed to be interested in the Shares held by Dadi International Holdings Co., Ltd.

Save as disclosed above, at 31 March 2019, the Company has not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were to be recorded in the register required to be kept under Section 336 of the SFO and/or who were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Shares issued during the Year

On 31 January 2019, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company agreed to allot and issue under the General Mandate, and the Subscriber agreed to subscribe for, an aggregate of 324,085,995 Subscription Shares at the Subscription Price of HK$0.178 per Subscription Share. The Subscription was completed on 13 February 2019.

Upon completion of the Subscription, the total number of issued shares of the Company was 3,564,945,946 shares. The nominal value of the Subscription Shares is HK$0.01 per share, and the net price per Subscription Share, after deducting all such related fees and expenses, was approximately HK$0.173. The closing price of the shares of the Company on the Stock Exchange on 31 January 2019, being the date on which the terms of the Subscription was fixed, was HK$0.135.

As at the date of the annual report, the Company has not utilized any of the proceeds from the Subscription. As disclosed in the announcement of the Company dated 31 January 2019, the Company intends to apply the net proceeds from the Subscription of approximately HK$56,098,000 for the purposes, in the amounts and according to the expected timeline set forth below:

(1) approximately 50% of the net proceeds, or approximately HK$28.1 million, will be used for environmental protection investment including but not limited to (i) site visits for environmental investment projects; and (ii) preparation work for the establishment of cooperation funds. Most of it will be utilised in the second half of the coming financial year;

(2) approximately 40% of the net proceeds, or approximately HK$22.4 million, will be used for the book publishing business under its advertising and cultural media segment, including but not limited to (i) acquisition of resources for the publication of books; (ii) expansion of upstream and downstream media and sales channels; and (iii) payment of expenses incurred during the course of the book publishing business, including the procurement of raw materials, printing and packaging. Most of it will be utilised in the first half of the coming financial year; and

(3) approximately 10% of the net proceeds, or approximately HK$5.6 million, will be used for working capital and general corporate purposes of the Group.

Details in relation to the use of proceeds shall be disclosed according to the requirements of the GEM Listing Rules in the subsequent interim reports and annual reports.

The Directors believe that the Subscription will allow the Company and Shanxi Dadi, the holding company of the Subscriber, to utilise their respective edges and create synergy effects, which in turn facilitates the future development of the Group. The Directors also believe that the background of Shanxi Dadi as a state-owned enterprise can help enhance the reputation of the Company among domestic and overseas enterprises, while expanding the customer resources of the Company within the PRC as well as its investment and financing capabilities.

Retirement benefits scheme

Particulars of the retirement benefits scheme of the Group are set out in note 39 to the consolidated financial statements.

Audit committee

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. The audit committee comprises of three independent non-executive Directors and one non-executive Director namely, Mr. Law Yui Lun who is the chairman of the audit committee, Dr. Zhang Wei, Dr. Li Zhan and Mr. Zhang Xiongfeng. During the Year, the audit committee held 4 meetings to review the Group's annual report, half-year report and quarterly reports.

Remuneration committee

A remuneration committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The remuneration committee comprises three independent non-executive Directors, namely Dr. Li Zhan, Mr. Law Yui Lun and Dr. Zhang Wei who is the chairman of the remuneration committee and two executive Directors, Mr. Fu Yuanhong and Mr. Wu Xiaoming. The principal responsibilities of the remuneration committee include recommendation to the Board on the Group's policy and structure for all remuneration of Directors and senior management, the determination of specific remuneration packages of all executive Directors and senior management, and to review and approve performance-based remuneration.

Nomination committee

A nomination committee has been established with written terms of reference in accordance with the requirements of the Corporate Governance Code Provisions. The nomination committee comprises three independent non-executive Directors, namely Dr. Zhang Wei, Mr. Law Yui Lun and Dr. Li Zhan and an executive Director, Mr. Fu Yuanhong who is the chairman of the nomination committee. The roles and functions of the nomination committee include nomination of potential candidates for directorship, reviewing the nomination of the Directors and making recommendations to the Board for ensuring that all nominations are fair and transparent.

Compliance with Rules 5.48 to 5.67 of the GEM Listing Rules

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with such code of conduct and the required standard of dealings regarding directors' securities throughout the Year.

Confirmation of independence

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 and considers all the independent non-executive Directors to be independent.

Related party transactions

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 38 to the consolidated financial statements, which constituted continuing connected transactions of the Group but was fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Auditors

The accounts for the Year were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

Fu Yuanhong
Chairman

Hong Kong, 27 June 2019

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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11 Pedder Street
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Hong Kong

TO THE SHAREHOLDERS OF DADI INTERNATIONAL GROUP LIMITED
(formerly known as Zhi Cheng Holdings Limited)
(Incorporated in the Cayman Islands and continued in Bermuda with limited liability with limited liability)

OPINION

We have audited the consolidated financial statements of Dadi International Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 37 to 148, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment on goodwill	
Refer to notes 4 and 20 to the consolidated financial statements. The Group has goodwill with carrying amounts of approximately HK$7,721,000 which is allocated to the cash-generating-units of advertising and media related services ("CGUs") as at 31 March 2019. Management performed impairment assessment of CGUs and concluded that an impairment of HK$9,500,000 was provided on the goodwill. This conclusion was based on value-in-use model that required management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth and capital expenditure. Independent external valuation report was obtained in order to support management's estimates.	Our procedures in relation to the management's impairment assessment on goodwill included: • Evaluating the independent external valuer's competence, capabilities and objectivity; • Assessing the methodologies used and the appropriateness of the key assumptions based on our knowledge of the relevant industry and using our valuation experts; • Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and • Checking on a sample basis, the accuracy and relevance of the input data used. Based on the procedures performed, we found management's estimates and judgement made in respect of the impairment assessments on goodwill were supported by the available evidence.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter

Assessment of expected credit losses ("ECL") of trade and other receivable and deposit, deposit for film production and deposit for purchases of film rights

Refer to notes 4, 22 and 23 to the consolidated financial statements.

As at 31 March 2019, the Group had trade and other receivable and deposit, deposit for film production and deposit for purchases of film rights of net carrying amount approximately HK$377,319,000, HK$144,333,000 and HK$36,012,000 respectively, after provision of ECL of HK$7,187,000, HK$2,135,000 and HK$1,788,000 respectively.

The Group assessed whether the credit risk of trade receivables, other receivables and deposits have increased significantly since their initial recognition, and apply a three-stage impairment model to calculate their ECL.

In assessing the provision of ECL, management exercise significant judgment on the selection of unobservable data inputs to this three-stage impairment model including probability of default, exposure at default, loss given default and discount rate.

We focused on ECL assessment due to the materiality of the balances of trade receivables, other receivables and deposits and the provision of ECL, and the assessment of ECL involves critical accounting estimates and judgments.

Our procedures in relation to management's assessment of ECL of trade and other receivable and deposit, deposit for film production and deposit for purchases of film rights included:

- Understanding and evaluating the modeling methodologies used by management for measuring expected credit loss; assessed key parameters and assumptions made by management with reference to the relevant historical credit loss data of the Group, observable external economic data and using our valuation experts;
- For historical information, discussing with management to understand their process of assessing risk of default and identifying significant deterioration in credit risk. Corroborating management's explanation with supporting evidence, including comparing, on a sample basis, the fair value of the collaterals against the margin loans at year end date. We also assessed, on a sample basis, the fair value of the collaterals at year end date against the relevant market data; and
- For forward looking information, reviewing the appropriateness of economic indicators selected by management; evaluating the economic scenarios and the underlying probability weightings applied by management; testing the resulting calculation of the economic indicators determined thereby.

Based on the procedures performed, we found management's estimates and judgement made in respect of the expected credit loss allowance for the trade receivables, other receivables and deposits to be supportable by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon. ("Other Information").

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

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

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exits. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Hon Koon Fai, Alex.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Hon Koon Fai, Alex
Practising Certificate Number: P05029

Hong Kong, 27 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Continuing operations			
Revenue	8	**107,159**	69,218
Cost of sales		**(91,562)**	(46,769)
Gross profit		**15,597**	22,449
Other gains or losses, net	9	**3**	4,649
Administrative expenses		**(38,608)**	(81,344)
Impairment losses recognised in respect of financial assets measured at amortised costs, net		**(9,866)**	–
Impairment loss recognised in respect of goodwill	20	**(9,500)**	–
Gain on disposal of subsidiaries	34	**–**	8,974
Loss arising on change in fair value of financial assets at fair value through profit or loss		**–**	(1,957)
Loss from operations	11	**(42,374)**	(47,229)
Finance costs	12	**(3,795)**	(5,160)
Loss before taxation		**(46,169)**	(52,389)
Income tax expense	13	**(1,618)**	(697)
Loss for the year from continuing operations		**(47,787)**	(53,086)
Discontinued operations			
Profit for the year from discontinued operations	14	**–**	359
Loss for the year		**(47,787)**	(52,727)
Other comprehensive (expense)/income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(21,931)**	46,787
Other comprehensive (expense)/income for the year, net of income tax		**(21,931)**	46,787
Total comprehensive expense for the year		**(69,718)**	(5,940)

The accompanying notes form an integral part of these consolidated financial statements.

	Notes	2019 HK$'000	2018 HK$'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(42,680)**	(60,037)
Non-controlling interests		**(5,107)**	7,310
		(47,787)	(52,727)
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(59,678)**	(19,233)
Non-controlling interests		**(10,040)**	13,283
		(69,718)	(5,940)
Loss per share	18		
From continuing and discontinued operations			
Basic and diluted		**HK(1.30) cents**	HK(2.01) cents
From continuing operations			
Basic and diluted		**HK(1.30) cents**	HK(2.02) cents

Consolidated Statement of Financial Position

For the year ended 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current Assets			
Property, plant and equipment	19	**4,420**	7,728
Goodwill	20	**7,721**	17,221
Available-for-sale financial assets		**–**	200
Financial assets at fair value through other comprehensive income		**200**	–
Intangible asset	21	**10,852**	–
		23,193	25,149
Current assets			
Trade and other receivables and deposits	22	**377,319**	336,243
Deposit for film production	23	**144,333**	191,286
Deposit for purchase of film rights		**36,012**	40,426
Finance lease receivables – net	24	**–**	6,315
Financial assets at fair value through profit or loss	26	**2**	2
Bank balances and cash	27	**57,605**	16,404
		615,271	590,676
Current Liabilities			
Trade and other payables	28	**119,428**	78,278
Other borrowings	30	**22,329**	20,688
Obligation under finance leases	31	**748**	399
Tax payable		**5,646**	5,606
		148,151	104,971
Net current assets		**467,120**	485,705
Total assets less current liabilities		**490,313**	510,854

	Notes	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital	32	**35,649**	32,409
Reserves		**444,476**	452,274
Equity attributable to owners of the Company		**480,125**	484,683
Non-controlling interests		**10,188**	18,316
Total equity		**490,313**	502,999
Non-current liabilities			
Other borrowings	30	**–**	7,505
Obligation under finance leases	31	**–**	350
		–	7,855
Total equity and non-current liabilities		**490,313**	510,854

The consolidated financial statements were approved and authorised for issue by the board of directors on 27 June 2019 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Equity attributable to owners of the Company									
	Issued capital	Share premium	Contribution surplus	Share-based compensation reserve	Statutory reserve	Transaction reserve	Accumulated losses	Total	Non-controlling interests	Total equity
		Note (i)	*Note (ii)*	*Note (iii)*	*Note (iv)*	*Note (v)*				
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2017	27,773	1,685,889	325,798	15,635	1,318	(2,597)	(1,636,564)	417,252	5,033	422,285
Loss for the year	–	–	–	–	–	–	(60,037)	(60,037)	7,310	(52,727)
Other comprehensive expense for the year										
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	40,814	–	40,814	5,973	46,787
Total comprehensive expense for the year	–	–	–	–	–	40,814	(60,037)	(19,223)	13,283	(5,940)
Lapse of share options	–	–	–	(2,304)	–	–	2,304	–	–	–
Exercise of share options	136	7,247	–	(2,308)	–	–	–	5,075	–	5,075
Placing of shares	4,500	80,100	–	–	–	–	–	84,600	–	84,600
Share issuing expense	–	(3,021)	–	–	–	–	–	(3,021)	–	(3,021)
At 31 March 2018	32,409	1,770,215	325,798	11,023	1,318	38,217	(1,694,297)	484,683	18,316	502,999
Impact of adoption of HKFRS 9	–	–	–	–	–	–	**(978)**	**(978)**	**(266)**	**(1,244)**
At 1 April 2018 (Restated)	**32,409**	**1,770,215**	**325,798**	**11,023**	**1,318**	**38,217**	**(1,695,275)**	**483,705**	**18,050**	**501,755**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(42,680)**	**(42,680)**	**(5,107)**	**(47,787)**
Other comprehensive expense for the year										
Exchange differences on translation of financial statements of overseas subsidiaries	**–**	**–**	**–**	**–**	**–**	**(16,998)**	**–**	**(16,998)**	**(4,933)**	**(21,931)**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**(16,998)**	**(42,680)**	**(59,678)**	**(10,040)**	**(69,718)**
Lapse of share options	**–**	**–**	**–**	**(3,221)**	**–**	**–**	**3,221**	**–**	**–**	**–**
Capital contribution from non-controlling interest	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2,178**	**2,178**
Issue of shares	**3,240**	**54,446**	**–**	**–**	**–**	**–**	**–**	**57,686**	**–**	**57,686**
Share issuing expense	**–**	**(1,588)**	**–**	**–**	**–**	**–**	**–**	**(1,588)**	**–**	**(1,588)**
At 31 March 2019	**35,649**	**1,823,073**	**325,798**	**7,802**	**1,318**	**21,219**	**(1,734,734)**	**480,125**	**10,188**	**490,313**

Notes:

(i) Share premium

After the change of domicile, the application of share premium account is governed by the relevant provisions set out in the Company's Bye-laws and the Companies Act.

(ii) Contributed surplus

The contributed surplus of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued for the acquisition at the time of the reorganisation of the Group.

The contributed surplus of the Company represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange pursuant to the reorganisation of the Group.

(iii) Share-based compensation reserve

The share-based compensation reserve of the Company and the Group arise on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 4.

(iv) Statutory reserve

The statutory reserve of the Group refers to the PRC statutory reserve fund. Appropriations to such reserve fund are made out of profit after tax as recorded in the statutory financial statements of the PRC subsidiaries. The amount should not be less than 10% of the profit after tax as recorded in the statutory financial statements unless the aggregate amount exceeds 50% of the registered capital of the PRC subsidiaries. The statutory reserve can be used to make up prior year losses, if any, and can be applied in conversion into the PRC subsidiaries' capital by means of capitalisation issue.

(v) Translation reserve

Translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4.

Consolidated Statement of Cash Flows

For the year ended 31 March 2019

	2019 HK$'000	2018 HK$'000
Operating activities		
Loss before taxation from continuing operations	**(46,169)**	(52,389)
Profit before taxation from discontinued operations	**–**	359
Adjustments for:		
Bank interest income	**(64)**	(22)
Interest income on loan to independent third parties	**–**	(1,871)
Interest expenses	**3,795**	5,160
Depreciation of property, plant and equipment	**2,779**	3,060
Loss on disposal of property, plant and equipment	**363**	154
Gain on disposal of subsidiaries	**–**	(9,633)
Impairment loss recognised in respect of financial assets measured at amortised cost, net	**9,866**	–
Impairment loss recognised in respect of goodwill	**9,500**	–
Loss arising on change in fair value of financial assets of fair value through profit or loss	**–**	1,957
Operating cash flows before movements in working capital	**(19,930)**	(53,225)
Increase in trade and other receivables	**(59,579)**	(6,986)
Decrease/(increase) in deposit for film production	**33,522**	(51,554)
Increase in deposit for purchase of film rights	**–**	(6,629)
Decrease in finance lease receivables – net	**5,905**	21,480
Increase in trade and other payables	**46,146**	13,726
Cash used in operating activities	**6,064**	(83,188)
Tax paid	**(1,200)**	(74)
Net cash generated from/(used in) operating activities	**4,864**	(83,262)

	2019 HK$'000	2018 HK$'000
Investing activities		
Bank interest received	**64**	1,893
Acquisition of available-for-sale financial assets	**–**	(200)
Acquisition of financial assets at fair value through profit or loss	**–**	(2,431)
Proceeds from disposal of financial assets at fair value through profit or loss	**–**	5,942
Proceeds from disposal of property, plant and equipment	**9**	5
Net cash outflow from disposal of subsidiaries	**–**	(258)
Purchase of intangible assets	**(10,852)**	–
Purchase of property, plant and equipment	**(138)**	(819)
Net cash (used in)/generated from investing activities	**(10,917)**	4,132
Financing activities		
Interest expenses paid	**(3,795)**	(4,441)
Proceeds from other borrowings	**1,653**	20,000
Repayment of corporate bond	**–**	(8,425)
Repayment of other borrowings	**(7,261)**	(11,370)
Exercise of share options	**–**	5,075
Capital contribution from non-controlling interest	**2,178**	–
Share issuing expense	**(1,588)**	(3,021)
Repayment of obligation under finance lease	**–**	(234)
Proceeds from issue of shares	**57,686**	84,600
Net cash generated from financing activities	**48,873**	82,184
Net increase in cash and cash equivalents	**42,820**	3,054
Cash and cash equivalents at beginning of the year	**16,404**	13,310
Effect of foreign exchange rate changes	**(1,619)**	40
Cash and cash equivalents at end of the year		
Cash and cash equivalents to the Group	**57,605**	16,404

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 9 November 2001 and continued in Bermuda on 20 April 2009. The Company's shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 26 August 2002. Details of substantial shareholders of the Company are disclosed in the paragraph headed "substantial shareholders" in the section headed "Report of the Directors".

The registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Unit 1504-1506, 15th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 41.

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

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

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

A summary of the new HKFRSs are set out as below:

Amendments to HKAS 28	Annual improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRS 1	Annual improvements to HKFRSs 2014-2016 Cycle
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

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 periods and/or on the disclosures set out in the consolidated financial statements.

(a) Impact on the consolidated financial statements

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the application of new HKFRSs have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below:

Consolidated statement of financial position (extract)	31 March 2018 HK$'000	HKFRS 9 HK$'000	HKFRS 15 HK$'000	1 April 2018 HK$'000
Non-current Assets				
Available-for-sale financial assets	200	(200)	–	–
Financial assets at fair value through other comprehensive income	–	200	–	200
Current assets				
Trade and other receivables and deposits	336,243	(895)	–	335,348
Deposits for film production	191,286	(308)	–	190,978
Deposits for purchase film rights	40,426	(41)	–	40,385
Current liabilities				
Trade and other payable	78,278	–	(11,341)	66,937
Contract liabilities	–	–	11,341	11,341
Net current assets	485,705	(1,244)	–	484,461
Total assets less current liabilities	510,854	(1,244)	–	509,610
Capital and reserve				
Reserve	452,274	(978)	–	451,296
Non-controlling interests	18,316	(266)	–	18,050
Total equity	502,299	(1,244)	–	501,055
Total equity and non-current liabilities	510,854	(1,244)	–	509,610

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption

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

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 note 4.

Summary of effects arising from initial application of HKFRS 9

(i) Classification and measurement

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVTOCI") and at fair value through profit or loss ("FVTPL"). These supersede HKAS 39 's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial assets is managed and its contractual cash flow characteristics.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption *(continued)*

Summary of effects arising from initial application of HKFRS 9 *(continued)*

(i) Classification and measurement (continued)

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.

- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

- FVTPL, if the investment does not meet the criteria for being measured at amortise cost or FVTOCI (recycling). Changes in the fair value of the investment (including) interest are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss as other income.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption *(continued)*

Summary of effects arising from initial application of HKFRS 9 *(continued)*

(i) Classification and measurement (continued)

On 1 April 2018 (the date of the initial application of HKFRS 9), the management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	HKAS 39 carrying amount as at 31 March 2018 HK$'000	Reclassification HK$'000	HKFRS 9 carrying amount as at 1 April 2018 HK$'000
Available-for-sale financial assets	200	(200)	–
Financial assets at fair value through other comprehensive income	–	200	200

From available-for-sale equity investments to financial assets at fair value through other comprehensive income

The Group elected to present in other comprehensive income for the fair value changes of all its equity securities previously classified as available-for-sale. These unlisted equity securities are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, HK$200,000 were reclassified from available-for-sale investments to financial assets at FVTOCI.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSs") *(continued)*

(b) HKFRS 9 Financial Instruments – Impact of adoption *(continued)*

Summary of effects arising from initial application of HKFRS 9 *(continued)*

(ii) Impairment under ECL model

The Group applies the HKFRS 9 general approach to measure ECL. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

As at 1 April 2018, additional credit loss allowance before taxation effect of approximately HK$895,000, of approximately HK$308,000 and HK$41,000 has been recognised against trade and others receivable and deposit, deposit for film production and deposit for purchase film rights, respectively.

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology is as follow.

Loss allowances as at 31 March 2018 reconciled to the opening loss allowances as at 1 April 2018 are as follows:

	Trade and other receivables and deposits HK$'000	Deposit for film production HK$'000	Deposit for purchase film rights HK$'000
At 31 March 2018			
– HKAS 39	–	–	–
Amounts re-measured through opening			
– accumulated losses	(579)	(185)	(25)
– non-controlling interests	(316)	(123)	(16)
At 1 April 2018			
– HKFRS 9	(895)	(308)	(41)

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARD ("HKFRSS") *(continued)*

(c) HKFRS 15 Revenue from Contracts with Customers and the related amendments

HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group has adopted HKFRS 15 using the modified retrospective method of adoption. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group has elected to apply the standard to contracts that are not completed as at 1 April 2018.

Set out below are the amounts by which each financial statement line item was affected as at 1 April 2018 as a result of the adoption of HKFRS 15:

	HKAS 18 carrying amount as at 31 March 2018 HK$'000	Reclassification HK$'000	HKFRS 15 carrying amount as at 1 April 2018 HK$'000
Trade and other payables	78,278	(11,341)	66,937
Contract liabilities	–	11,341	11,341

Note:

As a result of the changes in the Group's accounting policies, except for the reclassification of the contract liabilities from Trade and other payables of approximately HK$11,341,000 at initial application, HKFRS 15 was generally adopted without restating any other comparative information. The adoption of HKFRS 15 in the current period does not result in any impact on the amounts reported in the consolidated financial statements and/or disclosures set out in the consolidated financial statements except that, the Group has adopted the following accounting policies on contract liabilities with effect from 1 April 2018 as stated in Note 33 to consolidated financial statements.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs

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

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

1 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted.
2 Effective for annual periods beginning on or after 1 January 2019. Earlier application is permitted provided HKFRS 15 Revenue from Contracts with Customers is also applied.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2020. Earlier application is permitted.
5 Effective for annual periods beginning on or after 1 January 2021.

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

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

3. ISSUED BUT NOT YET EFFECTIVE HKFRSs *(continued)*

HKFRS 16 Leases *(continued)*

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

At 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$8,389,000 as disclosed in note 37 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained earnings without restating comparative information. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, which is a collective term that includes all applicable individual HKFRSs, HKASs and Interpretations ("Ints") issued by the 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 (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of preparation

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 7.

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

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

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

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

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

The principal accounting policies are set out below.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

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 into line with the Group's accounting policies.

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

Business combination

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net 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 noncontrolling 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 entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRSs.

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 considered 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 being made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combination *(continued)*

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

Goodwill

Goodwill arising on an 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 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 an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised 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.

Non-current assets held for sale

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-current assets held for sale *(continued)*

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

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

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses, except that when an item of property, plant and equipment is classified as held for sale, when it is not depreciated and is measured at the lower of carrying amount and fair value less costs to sell. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment and the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the shorter of the lease terms or 20%
Showroom equipment	33%
Office equipment	20% – 33%
Furniture and fixtures	20% – 33%
Motor vehicles	20% – 25%

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leasing

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

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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

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 the 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 general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

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

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

The Group's financial assets are classified into following specified categories, including loans and receivables, financial assets at fair value through profit or loss ("FVTPL") and available-for-sale financial assets ("AFS"). 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.

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2)

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) *(continued)*

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

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

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

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

A financial asset is classified as held for trading if:

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) *(continued)*

Amortised cost and interest income

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

Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments/receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in Note 2) (continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in the revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits/will continue to be held in the revaluation reserve.

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

Financial assets at FVTPL

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

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

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables and deposits, deposits for film production, deposits for purchase of film rights and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (continued)

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually and/or collectively using a provision matrix with appropriate groupings.

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

(i) Significant increase in credit risk

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (continued)

(i) Significant increase in credit risk *(continued)*

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 180 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (continued)

(ii) Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 1-year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (continued)

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with Note 2) (continued)

(v) Measurement and recognition of ECL *(continued)*

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

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

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

Loans and receivables

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

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) held for trading or (ii) it is designated as at FVTPL. A financial asset is classified as held for trading if:

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

Available-for-sale financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Equity and debt securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS monetary financial assets relating to interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in the carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

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

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Other financial liabilities

Other financial liabilities including trade and other payables, other borrowings, obligation under finance leases and corporate bond are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis for financial liabilities.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Derecognition *(continued)*

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

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

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

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

Impairment of tangible and intangible assets other than goodwill

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of tangible and intangible assets other than goodwill *(continued)*

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

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

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

Film rights

Film rights represent films produced by the Group or acquired by the Group which are initially recognised at cost.

Film rights purchased through acquisition are initially measured as the fair value of the consideration given for the recognition of the film rights.

Film rights are stated at cost less accumulated amortisation and accumulated impairment losses. The cost of film rights are amortised over their estimated useful lives upon release of the film. Film rights not ready for release are not subject to amortisation and are tested annually for impairment.

The carrying amount of film rights is written down immediately to its recoverable amount if its carrying amount is greater than its estimated recoverable amount.

Film production in progress

Film production in progress are accounted for on a film-by-film basis and are stated at cost less accumulated impairment losses, if any. Cost of film production in progress includes production costs, costs of services, direct labour costs, facilities and raw materials consumed in the creation of a film. Upon completion, these films under production are reclassified as film rights.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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

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

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

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

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

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation:

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue and other income recognition

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

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

(i) Finance leasing

The income under finance lease is recognised in the consolidated statement of income using the effective interest rate implicit in the lease over the term of the lease.

(ii) Financial services

Revenue from financial services is recognised over time using output method, over the period of services provide. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(iii) Provision of advertising and media related services

Revenue from provision of advertising and media related services is recognised overtime using output method, over the period of advertising service provided. Revenue is recognised on the basis of direct measurement of the value of the services transferred to the customer to date relative to the remaining services promised under the contract.

(iv) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance). Interest income is presented as "interest income" where it is mainly earned from financial assets that are held for cash management purposes.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition (before application of HKFRS 15 on 1 April 2018)

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

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the consolidated statement of profit or loss as follows:

Provision of consultancy services

Revenue from consultancy services is recognised when the services are rendered.

Provision of advertising and media related services

Revenue from provision of advertising and media related services is recognised when the services are rendered.

Provision of finance lease income

Revenue from finance leases is recognised over the lease term on a systematic and rational basis so as to produce a constant rate of return on the net investment in the finance lease.

Interest income

Interest income is recognised as it accrues using the effective interest method.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits

Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

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

The employees of the Company's subsidiaries operating in the PRC are members of retirement benefits schemes (the "PRC RB Schemes") managed by the local municipal governments. The PRC subsidiaries are required to contribute to the PRC RB Schemes to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefit obligation of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the PRC RB Schemes is to meet the required contributions under the PRC RB Schemes. The contribution are charged to the profit or loss as they become payable in accordance with the relevant laws and regulations of the PRC.

Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share-based compensation reserve with equity. The fair value is measured at grant date using the Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Share-based payments *(continued)*

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the consolidated statement of profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share-based compensation reserve.

On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

Taxation

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

Current tax

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Taxation *(continued)*

Deferred tax

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Employee benefits *(continued)*

Taxation *(continued)*

Deferred tax *(continued)*

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 are 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 are also recognised in other comprehensive income or directly in equity respectively when current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions

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

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

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

Foreign currencies

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the reporting period in which they arise, except for:

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

For the purpose of presenting consolidated financial statements, the asset 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 the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributable to non-controlling interests as appropriate).

On the disposal of 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.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and is not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Goodwill and fair value adjustments to identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in entity under the heading of translation reserve.

Borrowing costs

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

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

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

Related parties

A related party is a person or entity that is considered to be related to the Group if:

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

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

  (ii) has significant influence over the Group; or

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

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

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

  (ii) one entity is an associate or 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);

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

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

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (1);

(vii) a person identified (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

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

Segment reporting

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

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

5. CAPITAL 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 stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2019.

The directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing (including current and non-current liabilities as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

Gearing ratio

The directors of the Company review the capital structure on an annual basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The gearing ratios at 31 March 2019 and 31 March 2018 were as follows:

	The Group	
	2019	2018
	HK$'000	HK$'000
Total debt (Note a)	**142,505**	107,220
Less: cash and cash equivalents	**(57,605)**	(16,404)
Net debt	**(34,528)**	90,816
Equity (Note b)	**490,313**	502,999
Net debt to equity ratio	**17.3%**	18.1%
Total debt to equity ratio	**29.1%**	21.3%

Notes:

(a) Debt included other borrowings and obligation under finance leases, as detailed in notes 30 and 31.

(b) Equity included all capital and reserves of the Group.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	The Group	
	2019	2018
	HK$'000	HK$'000
Financial assets		
Available-for-sale investments	**–**	200
Financial assets at FVTOCI	**200**	–
Financial assets at FVTPL	**2**	2
Loans and receivables (including cash and cash equivalents)	**594,532**	582,684
Financial liabilities		
Financial liabilities at amortised cost	**142,505**	107,220

Fair value measurement

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid prices and ask prices respectively;
- the fair values of derivative instruments are calculated using quoted prices. When such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives; and
- the fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

6. FINANCIAL INSTRUMENTS *(continued)*

Fair value measurement *(continued)*

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At March 2019				
Assets				
Financial assets at FVTOCI	**–**	**–**	**200**	**200**
Financial assets at FVTPL	**2**	**–**	**–**	**2**
At March 2018				
Assets				
Financial assets at FVTPL	2	–	–	2

There were no transfer between Level 1, 2 and 3 in both years.

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

Financial risk management objectives and policies

Details of the financial instruments for both the Group are disclosed in respective notes to the financial statements. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's and the Company's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

The Group's major financial instruments include equity investments, trade and other receivables and deposits, deposit for film production, deposit for purchase of film right, bank balances and cash, trade and other payables, other borrowings and obligation under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the Group's risk exposure relating to financial instruments or the manner in which it manages and measures the risks.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits, deposits for film production, deposits for purchase of film rights. Management of the Company has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In relation to the Group's bank balance and cash, the Group limits its exposure to credit risk by placing deposits with financial institutions with high credit rating and no recent history of default. The directors of the Company consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings should change. As at 31 March 2019 and 2018, the Group has no significant concentration of credit risk in relation to deposits with bank.

In respect of trade and other receivables, the credit periods usually vary from one month to twelve months depending on the nature of the business. Extension may be granted to major customers and each customer is granted a maximum credit limit. Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and also taking into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Given the constant repayment history, the directors are of the option that the risk of default by these counter parties is not significant. Debtors with balances that are more than 3 months past due are requested to settle all outstanding balances before any further credit is granted and all overdue balances are reviewed regularly by the management of the Company. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry and country in which customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group has certain concentration of credit risk as 5% (2018: 38.2%) and 27.6% (2018: 87.8%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

For deposits and other receivables, the Group applies either a 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivables has occurred since initial recognition then impairment is measured as lifetime expected credit losses.

In determining the 12-month or lifetime expected credit loss for these receivables, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical payment experience and the corresponding historical credit loss rates, and adjusted for forward-looking macroeconomic data. In assessing whether the credit risk on these receivables have increased significantly since initial recognition, the Group compares the risk of a default occurring on these receivables as at the reporting date with the risk of default occurring on these receivables as at the date of initial recognition. Management would re-assess these factors periodically for any deterioration or improvement indications to determine if credit risk from these receivables has increased or decreased.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

The table below detail the credit risk exposure of the Group's financial assets, which subject to ECL assessment

	Trade receivables HK$'000	Other receivables and deposit HK$'000	Deposit for film production HK$'000	Deposit for purchase of films rights HK$'000
Gross carrying amount				
Low risk (12-month ECL)	7,127	15,353	–	–
Doubtful (Lifetime ECL – non credit-impaired)	19,763	342,263	146,468	37,800
	26,890	357,616	146,468	37,800

The closing loss allowances of expected credit loss for trade and other receivables and deposits as at 31 March 2018 reconcile to the opening loss allowances as follows:

	12m ECL HK$'000	Lifetime ECL (non credit Impaired) HK$'000	Lifetime ECL (credit Impaired) HK$'000	Total HK$'000
Other receivables and deposits				
As at 31 March 2018 under HKAS 39	–	–	–	–
Adjustment upon application of HKFRS 9 (Note 2)	828	–	–	828
As at 1 April 2018 under HKFRS 9	828	–	–	828
Change due to financial instruments recognised as at 1 April 2018:				
– Transfer to non-credit impaired	(828)	828	–	–
– Impairment loss recognised	113	5,208	–	5,321
As at 31 March 2019	113	6,036	–	6,149
Trade receivables				
As at 31 March 2018 under HKAS 39	–	–	–	–
Adjustment upon application of HKFRS 9 (Note 2)	67	–	–	67
As at 1 April 2018 under HKFRS 9	67	–	–	67
Change due to financial instruments recognized as at 1 April 2018:				
– Transfer to non credit impaired	(67)	67	–	–
– Impairment loss recognized	132	839	–	971
As at 31 March 2019	132	906	–	1,038

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Credit risk *(continued)*

	12m ECL HK$'000	Lifetime ECL (non credit Impaired) HK$'000	Lifetime ECL (credit Impaired) HK$'000	Total HK$'000
Deposits for film production				
As at 31 March 2018 under HKAS 39	–	–	–	–
Adjustment upon application of HKFRS 9 (Note 2)	308	–	–	308
As at 1 April 2018 under HKFRS 9	308	–	–	308
Change due to financial instruments recognised as at 1 April 2018:				
– Transfer to non-credit impaired	(308)	308	–	–
– Impairment loss recognised	–	1,827	–	1,827
As at 31 March 2019	–	2,135	–	2,135
Deposits for purchase of film rights				
As at 31 March 2018 under HKAS 39	–	–	–	–
Adjustment upon application of HKFRS 9 (Note 2)	41	–	–	41
As at 1 April 2018 under HKFRS 9	41	–	–	41
Change due to financial instruments recognised as at 1 April 2018:				
– Transfer to non-credit impaired	(41)	41	–	–
– Impairment loss recognised	–	1,747	–	1,747
As at 31 March 2019	–	1,788	–	1,788

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Liquidity risk

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

The Group monitors and maintains a level of cash and cash equivalents considered adequate by the directors of the Company to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group held cash and cash equivalents amounting to approximately HK$57,605,000 at 31 March 2019 (2018: HK$16,404,000).

The following table details the Group's remaining contractual maturity at the end of the reporting period of the Group's financial liabilities based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date on which the Group was required to pay. The analysis is performed on the same basis for 2018.

	Weighted average effective Interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years	Total contractual undiscounted 5 years	Total carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2019							
Trade and other payables	**–**	**119,428**	**–**	**–**	**–**	**119,428**	**119,428**
Other borrowings	**10.7**	**25,329**	**–**	**–**	**–**	**25,329**	**22,329**
Obligation under finance leases	**14.4**	**752**	**–**	**–**	**–**	**752**	**748**
		145,509	**–**	**–**	**–**	**145,509**	**142,505**
2018							
Trade and other payables	–	78,278	–	–	–	78,278	78,278
Other borrowings	10.7	21,387	7,505	–	–	28,892	28,193
Obligation under finance leases	14.4	448	354	–	–	802	749
		100,113	7,859	–	–	107,972	107,220

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and cash flow interest rate risk in relation to variable-rate bank loan and bank balances. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The Group's interest rate profile as monitored by management is set out below.

	2019 Weighted average effective Interest tate %	**HK$'000**	2018 Weighted average effective Interest tate %	HK$'000
Variable rate:				
Bank balance	**N/A**	**–**	1	16,260

Sensitivity analysis

The loan to an independent third party and convertible bonds of the Group which are fixed rate instruments are insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss.

At 31 March 2019, it is estimated that a general increase/decrease of 100 basis points in interest rates for variable-rate bank balances and bank loan, with all other variables held constant, would decrease/increase the Group's loss after taxation and accumulated losses by approximately HK$Nil (2018: HK$163,000). Other components of consolidated equity would not change in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next annual reporting period. The analysis is performed on the same basis for 2018.

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash and bank balance that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transaction relate. The currencies giving rise to this risk are primarily HK$,Renminbi ("RMB") and United States Dollars ("USD").

Certain cash and bank balances are denominated in RMB and USD. The conversion of RMB into other currencies is subject to the rules and regulations of foreign exchange control promulgated by the government of the PRC. The Group is exposed to foreign exchange risk in respect of exchange fluctuation of HK$ against RMB and USD. The Group currently does not have a foreign currency hedging policy in respect of foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

	Assets	
	2019	2018
	HK$'000	HK$'000
RMB	**7,744**	18
USD	**493**	492

6. FINANCIAL INSTRUMENTS *(continued)*

Financial risk management objectives and policies *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis *(continued)*

The following table details the Group's sensitivity to a 5% increase and decrease in the HK$ against the relevant foreign currencies. As HK$ are pegged to USD, it is assumed that there would be no material currency risk exposure between these two currencies and therefore is excluded from the analysis below. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items, and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit where the relevant currencies strengthen 5% against HK$. For a 5% weakening of the relevant currencies against HK$, there would be an equal and opposite impact on the profit and the balances below would be negative.

	Profit/(loss)	
	2019	2018
	HK$'000	HK$'000
Impact of RMB	**387**	1
Impact of USD	**25**	25

The Group's sensitivity to foreign currency has increased during the current year mainly due to the increase in non-functional currency denominated monetary net assets.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, aftertaking into account of their estimated residual value. 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 property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and in the future period.

Impairment of property, plant and equipment

The recoverable amount of an asset is the greater of its net selling price 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 risk specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

7. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

Provision of ECL for financial assets carried at amortised cost

The Group determined the provision for financial assets carried at amortised costs based on the expected credit loss of these financial assets. The Group applies significant judgement in the determination of the impairment model and the use of parameters. The Group also uses significant judgement in its assessment on whether there is any significant increase in credit risk of these receivables. The Group makes assumptions on the economic indicators for forward looking information and the application of economic scenarios and probability weightings.

Impairment of goodwill and intangible assets

Determining whether goodwill and intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Income tax

Certain treatments adopted by the Company in its tax returns in the past years are yet to be finalised with the Hong Kong Inland Revenue Department and other jurisdiction. In assessing the Company's income tax and deferred tax during the current year, the Company has followed the tax treatments it has adopted in those tax returns, which may be different from the final outcome in due course.

Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the share options or share award at the date of granting.

8. REVENUE

Revenue represents the net amounts received and receivables from goods sold and rendering of services by the Group to customers, after allowances for returns and trade discounts where applicable and services rendered.

	2019	2018
	HK$'000	HK$'000
Continuing operations		
Revenue from contract with customers		
Over time		
Financial services	**1,730**	934
Provision of advertising and media related services	**104,497**	66,852
	106,227	67,786
Other sources		
Finance lease	**932**	1,432
Total	**107,159**	69,218

Financial services provision of advertising and media related services are typically provided for a period of one year. As permitted under HKFR 15, the transaction prior allocated to these unsatisfied contract is not disclose.

9. OTHER GAINS OR LOSSES, NET

	2019	2018
	HK$'000	HK$'000
Continuing operations		
Bank interest income	**64**	22
Interest income on loan to independent third parties	**–**	1,871
Management fee income	**302**	865
Loss on disposal of property, plant and equipment	**(363)**	(154)
Consultancy fee income	**–**	1,683
Other income	**–**	362
Total	**3**	4,649

10. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Advertising and media related services: Engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning in the PRC.

(ii) Financial leasing and other financial services: Provision of financial leasing and other financial services in the PRC.

Three operations (consultancy services, project management services and travel agency and related operations) were discontinued in prior years. The segment information reported does not included any amounts for those discontinued operations, which are described in note 14.

For the purposes of assessing segment performances and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment revenues and results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessments of segment performance for the years ended 31 March 2019 and 2018 is set out below:

	Advertising and media related services		Financial leasing and Other financial services		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue						
Sales to external customers	**104,497**	66,852	**2,662**	2,366	**107,159**	69,218
Segment results	**(2,507)**	3,479	**(9,895)**	(30,498)	**(12,402)**	(27,019)
Unallocated other revenue and gains					**358**	10,853
Unallocated expenses					**(30,330)**	(31,063)
Loss from operations					**(42,374)**	(47,229)
Finance costs					**(3,795)**	(5,160)
Loss before taxation					**(46,169)**	(52,389)
Income tax expenses					**(1,618)**	(697)
Loss for the year					**(47,787)**	(53,086)

10. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in both years.

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in note 4. Segment results represent the profit/(loss) of each segment without allocation of central administration cost including directors' remuneration, other gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Advertising and media related services		Financial leasing and other financial services		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment assets	**389,519**	382,798	**148,500**	165,979	**538,019**	548,777
Unallocated assets					**100,445**	67,048
Total assets					**638,464**	615,825
Segment liabilities	**68,843**	38,729	**33,601**	24,001	**102,444**	62,730
Unallocated liabilities					**45,707**	50,096
Total liabilities					**148,151**	112,826

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

– all assets are allocated to reportable segments other than available-for-sale investments/financial assets at fair value through other comprehensive income and other unallocated head office and corporate financial assets. Goodwill is allocated to reportable segments; and

– all liabilities are allocated to reportable segments other than current and deferred tax liabilities, other unallocated head office and corporate financial liabilities and borrowings.

10. SEGMENT INFORMATION *(continued)*

Other segment information

	Advertising and media elated services		Financial leasing and other financial services		Subtotal		Unallocated		Total	
	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
Interest expenses	**(591)**	–	**–**	–	**(591)**	–	**(3,204)**	(5,160)	**(3,795)**	(5,160)
Addition to non-current assets*	**10,921**	(69)	**55**	(130)	**10,976**	(199)	**14**	(620)	**10,990**	(819)
Impairment assets on financial assets at amortised costs, net	**(6,563)**	–	**(457)**	–	**(7,020)**	–	**(2,846)**	–	**(9,866)**	–
Depreciation of property, plant and equipment	**35**	(891)	**1,907**	(1,184)	**1,942**	(2,075)	**837**	(985)	**2,779**	(3,060)

* Non-current assets excluded those relating to financial instruments.

Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets* ("specified non-current assets"). The geographical location of customers is based on the location of the revenue derived, and the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

The Group operates in two principal geographical areas – Hong Kong and the PRC (excluding Hong Kong).

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

	Revenue from external customers		Non Current assets*	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong	**97,379**	19,647	**12,167**	1,834
The PRC	**9,780**	49,571	**10,826**	23,115
	107,159	69,218	**22,993**	24,949

* Non-current assets excluded those relating to financial instruments.

10. SEGMENT INFORMATION *(continued)*

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2019	2018
	HK$'000	HK$'000
Customer A[1]	**24,039**	20,220
Customer B[1]	**23,028**	9,800
Customer C[1]	**20,737**	9,702
Customer D[1, 2]	**15,245**	–
Customer E[1, 2]	**14,243**	–

1 Revenue from advertising and media related services

2 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

11. LOSS FROM OPERATIONS

The Group's loss from operation has been arrived at after charging:

	2019	2018
	HK$'000	HK$'000
Continuing operations		
Auditors' remuneration		
Audit service	**1,113**	1,113
Non-audit service	**198**	198
Depreciation of property, plant and equipment	**2,779**	3,060
Net foreign exchange (gain)/losses	**(34)**	3,611
Minimum lease payment under operating lease on premises	**5,394**	10,798
Impairment of financial assets at amortised costs, net		
– Trade and other receivable and deposits	**6,292**	–
– Deposits for film production	**1,827**	–
– Deposits for purchase of film rights	**1,747**	–
	9,866	–
Staff costs (including directors' remuneration)		
Salaries and allowances	**14,705**	33,246
Contribution to retirement benefits scheme	**263**	3,883
	14,968	37,129

12. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Continuing operations		
Interest on corporate bond	–	719
Interest on other borrowings	**3,746**	4,336
Interest on obligation under finance leases	**49**	105
Total	**3,795**	5,160

13. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Continuing operations		
Current tax charged/(credit):		
Hong Kong Profits tax	**1,665**	25
PRC Enterprise Income Tax	**(47)**	672
Total tax charge	**1,618**	697

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

Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million.

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for year ended 31 March 2018.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

13. INCOME TAX EXPENSE *(continued)*

Income tax for the year can be reconciled to the loss before taxation per the consolidated statement of profit or loss as follows:

	2019	2018
	HK$'000	HK$'000
Loss before taxation	**(46,169)**	(52,389)
Notional tax on loss before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	**(8,844)**	(10,852)
Tax effect of income not taxable for tax purpose	**(225)**	(1,471)
Tax effect of expenses not deductible for tax purpose	**5,872**	4,192
Tax effect of tax losses not recognised	**4,815**	8,828
Income tax expense for the year	**1,618**	697

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profit earned by the PRC subsidiaries from 1 January 2009 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

At 31 March 2019, the Group has unused tax losses of approximately HK$243,344,227 (2018: HK$217,548,830) available for offset against future profits. No deferred tax asset has been recognised in respect of unused tax loss due to the unpredictability of future profit streams and in relation to deductible temporary difference as it is not probable taxable profit will be available against which the deductible temporary differences can be utilised. Tax losses are available indefinitely for offsetting future taxable profit of the companies in which the losses arose except for the tax losses arising in the PRC of approximately HK$133,656,637 (2018: HK$124,685,064).

14. DISCONTINUED OPERATIONS

For the year ended 31 March 2018

Disposal of consultancy services operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Activepart Limited ("Activepart"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 34(d).

Analysis of profit for the year from consultancy services operations

The results of the discontinued operations (i.e. consultancy services operations) included in the loss for the year ended 31 March 2018 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the consultancy services operation as a discontinued operation.

	2018 HK$'000
Loss for the year from consultancy services operations	
Revenue	–
Cost of sales	–
Gross profit	–
Administrative expenses	(4)
Gain on disposal of subsidiaries (Note 34(d))	1
Loss from operations	(3)
Income tax expense	–
Loss for the year	(3)
Cash flow from consultancy services operations:	
Net cash outflows from operating activities	–

14. DISCONTINUED OPERATIONS *(continued)*

For the year ended 31 March 2018 *(continued)*

Disposal of project management services operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Easy Ace Limited ("Easy Ace"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 34(f).

Analysis of profit for the year from project management services operations

The results of the discontinued operations (i.e. project management services operations) included in the loss for the year ended 31 March 2018 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the project management services operation as a discontinued operation.

	2018 HK$'000
Loss for the year from project management services operations	
Revenue	–
Cost of sales	–
Gross profit	–
Administrative expenses	(4)
(Loss)/gain on disposal of subsidiary (Note 34(f))	(6)
(Loss)/profit from operations	(10)
Income tax expense	–
(Loss)/profit for the year	(10)
Cash flow from project management services operations:	
Net cash outflows from operating activities	–

14. DISCONTINUED OPERATIONS *(continued)*

For the year ended 31 March 2018 *(continued)*

Disposal of travel agency and related operations

On 27 March 2018, the Company has entered into a sale and purchase agreement to dispose of its entire equity interest in Global Brilliant Tours (HK) Limited ("Global Brilliant"), a wholly-owned subsidiary of the Company to an independent third party. The disposal was completed on 27 March 2018. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal are disclosed in note 34(c).

Analysis of profit for the year from travel agency and related operations

The results of the discontinued operations (i.e. travel agency and related operations) included in the loss for the year ended 31 March 2018 are set out below. The comparative figures in the consolidated statement of profit or loss have been restated to re-present the travel agency and related operations as a discontinued operation.

	2018 HK$'000
Loss for the year from travel agency and related operations	
Revenue	–
Cost of sales	–
Gross profit	–
Other income	–
Administrative expenses	(292)
Gain on disposal of subsidiary (Note 34(c))	664
Profit/(loss) from operations	372
Income tax expense	–
Profit/(loss) for the year	372
Cash flow from travel agency and related operations:	
Net cash outflows from operating activities	(6)

15. DIRECTORS' REMUNERATION

Details of the remuneration paid to the directors of the Company are as follows:

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2019				
Executive directors:				
Mr. Lien Wai Hung (note j)	330	–	–	330
Mr. Wei Shu Jun (note m)	35	–	–	35
Ms. Zhu Qi (note a)	5	–	–	5
Dr. Shen Furong (note b)	50	–	–	50
Mr. Wu Xiaoming	595	1,438	18	2,051
Mr. Zhang Zihong (note k)	580	–	–	580
Mr. Fu Yuanhong (note c)	68	–	–	68
Non-executive directors:				
Mr. Zhang Xiongfeng (note l)	357	–	–	357
Mr. Zhang Honghai (note d)	41	–	–	41
Independent non-executive directors:				
Mr. Law Yui Lun (note g)	350	–	–	350
Dr. Li Zhan (note h)	360	–	–	360
Dr. Zhang Wei (note i)	360	–	–	360
Total	3,131	1,438	18	4,587

15. DIRECTORS' REMUNERATION *(continued)*

	Directors' fees HK$'000	Salaries and other allowances HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
For the year ended 31 March 2018				
Executive directors:				
Mr. Lien Wai Hung (note j)	1,320	–	–	1,320
Mr. Wei Shu Jun (note m)	960	–	–	960
Ms. Zhu Qi (note a)	600	–	–	600
Dr. Shen Furong (note b)	1,380	–	–	1,380
Mr. Wu Xiaoming	–	1,362	18	1,380
Mr. Zhang Zihong (note k)	–	–	–	–
Non-executive directors:				
Mr. Zhang Xiongfeng (note l)	–	–	–	–
Independent non-executive directors:				
Mr. Chong Yiu Kan, Sherman (note n)	71	–	–	71
Ms. Chan Wing Yan, Carman (note o)	92	–	–	92
Mr. Yeung Kwong Wai (note e)	138	–	–	138
Mr. Wang Hsiang Hung (note f)	144	–	–	144
Mr. Law Yui Lun (note g)	150	–	–	150
Dr. Li Zhan (note h)	60	–	–	60
Dr. Zhang Wei (note i)	150	–	–	150
Total	5,065	1,362	18	6,445

15. DIRECTORS' REMUNERATION *(continued)*

Notes:

(a) Ms. Zhu Qi was resigned on 3 April 2018.
(b) Dr. Shen Furong was resigned on 13 April 2018.
(c) Mr. Fu Yuanhong was appointed as executive director on 19 February 2019.
(d) Mr. Zhang Honghai was appointed as non-executive director 19 February 2019.
(e) Mr. Yeung Kwong Wai was resigned on 16 March 2018.
(f) Mr. Wang Hsiang Hung was resigned on 13 April 2018.
(g) Mr. Law Yui Lun was appointed as independent non-executive director on 1 November 2017.
(h) Dr. Li Zhan was appointed as independent non-executive director on 1 February 2018.
(i) Dr. Zhang Wei was appointed as independent non-executive director on 1 November 2017.
(j) Mr. Lien Wai Hung was resigned as executive director on 31 July 2018.
(k) Mr. Zhang Zihong was appointed as executive director on 3 April 2018 and resigned on 22 March 2019.
(l) Mr.Zhang Xiongfeng was appointed as non-executive director on 3 April 2018.
(m) Mr. Wei Shu Jun was resigned as executive director on 13 April 2018.
(n) Mr. Chong Yin Kan, Sherman retired as independent non-executive director on 28 September 2017.
(o) Ms. Chan Wing Yan, Carman was resigned on 21 November 2017.

Mr. Fu Yuanhong is the chairman of the Company and his emoluments disclosed above include those for service rendered by him.

Mr. Wu Xiaoming are the executive vice chairman and chief executive director of the Company and his emoluments disclosed above include those for service rendered by him.

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

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

16. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Five highest paid individual

The five highest paid individuals during the year included four (2018: three) directors. Details of their remuneration are set out in note 15 to the consolidated financial statements. The emoluments of the remaining one (2018: two) individuals with highest emoluments of which one (2018: two) are senior management for the years ended 31 March 2019 and 2018 were as follows:

	2019	2018
	HK$'000	HK$'000
Salaries and allowances	**551**	2,513
Retirement benefits scheme contribution	**18**	–
Total	**569**	2,513

The number of non-director, highest paid individuals whose remuneration fell within the following bands, is as follows:

	Number of employees	
	2019	2018
HK$1,000,000 to HK$1,500,000	**1**	2

Included in the five highest paid employees, the number of senior management (being the non-directors employees) whose remuneration fell within the following band is as follows:

	Number of employees	
	2019	2018
HK$1,000,000 to HK$1,500,000	**1**	2

16. INDIVIDUALS WITH HIGHEST EMOLUMENTS *(continued)*

Five highest paid individual *(continued)*

During the year, no emoluments were paid by the Group to any of 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 (2018: HK$Nil).

At the end of the reporting period, there was no forfeited contribution, which arose upon employees leaving the retirement benefits scheme and which are available to reduce the contribution payable in the futures years.

17. DIVIDEND

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 period (2018: HK$Nil).

18. LOSS PER SHARE

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

From continuing and discontinued operations

	2019	2018
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(42,680)**	(60,037)

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,282,591,572**	2,988,950,886

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the exercise would result in a decrease in loss per share both years. The diluted loss and basic loss per share are the same.

18. LOSS PER SHARE *(continued)*

From continuing operations

	2019	2018
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company for the purposes of basic and diluted loss per share	**(42,680)**	(60,396)

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,282,591,572**	2,988,950,886

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since the exercise would result in a decrease in loss per share both years.

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is HK Nil cents per share (2018: loss per share of HK$0.01 cents per share), based on the profit for the year from the discontinued operations of approximately HK$Nil (2018: loss of approximately HK$359,000).

During the year ended 31 March 2019 and 2018, the Company's outstanding share options are not included in the calculation of diluted earnings/(loss) per share because the effect of the Company's outstanding share options are anti-dilutive and therefore the diluted earnings/(loss) per share are the same as the basic earnings/(loss) per share.

The denominators used are the same as those detailed above for both basic and dilutive loss per share.

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements HK$'000	Furniture & fixtures HK$'000	Showroom equipment HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 31 March 2017	6,272	1,161	2,400	2,111	10,132	22,076
Additions	–	129	–	70	620	819
Derecognition upon disposal of subsidiaries (Note 34)	–	–	–	(41)	(4,675)	(4,716)
Disposals	(1,516)	(13)	–	(142)	(663)	(2,334)
Exchange adjustments	403	111	–	194	333	1,041
As at 31 March 2018 and 1 April 2018	5,159	1,388	2,400	2,192	5,747	16,886
Additions	**38**	**43**	**–**	**57**	**–**	**138**
Disposals	**–**	**(797)**	**–**	**(780)**	**(559)**	**(2,136)**
Exchange adjustments	**(255)**	**(50)**	**–**	**(108)**	**(201)**	**(614)**
As at 31 March 2019	**4,942**	**584**	**2,400**	**1,361**	**4,987**	**14,274**
Accumulated depreciation						
As at 1 April 2017	3,316	317	200	735	5,774	10,342
Depreciation for the year	605	140	480	438	1,397	3,060
Disposal	(1,511)	(7)	–	(129)	(282)	(1,929)
Transfer	–	5	–	(5)	–	–
Eliminated on disposal of subsidiaries (Note 34)	–	–	–	(21)	(3,362)	(3,383)
Exchange adjustments	306	217	–	259	286	1,068
As at 31 March 2018 and 1 April 2018	2,716	672	680	1,277	3,813	9,158
Depreciation for the year	**756**	**378**	**480**	**545**	**620**	**2,779**
Disposals	**–**	**(615)**	**–**	**(680)**	**(469)**	**(1,764)**
Exchange adjustments	**(121)**	**(28)**	**–**	**(70)**	**(100)**	**(319)**
As at 31 March 2019	**3,351**	**407**	**1,160**	**1,072**	**3,864**	**9,854**
Carrying amount						
As at 31 March 2019	**1,591**	**177**	**1,240**	**289**	**1,123**	**4,420**
As at 31 March 2018	2,443	716	1,720	915	1,934	7,728

20. GOODWILL

The amounts of the goodwill capitalised by the Group as an asset and recognised in the consolidated statement of financial position, arising from the acquisition of subsidiaries, are as follows:

	2019	2018
	HK$'000	HK$'000
Cost		
At 1 April and 31 March	**47,248**	47,248
Accumulated impairment losses		
At 1 April	**30,027**	30,027
Impairment loss recognised for the year	**9,500**	–
At 31 March	**39,527**	30,027
Carrying amount		
At 31 March	**7,721**	17,221

Impairment test of goodwill

For the purpose of impairment testing, goodwill has been allocated to the following cash generating units identified according to operating segment.

	2019	2018
	HK$'000	HK$'000
Advertising and media related services		
– Keen Renown Limited and its subsidiaries (the "Keen Renown Group")	**7,721**	17,221

20. GOODWILL *(continued)*

Impairment test of goodwill *(continued)*

Advertising and media related services

There is one cash-generating unit, Keen Renown Group, which was acquired through acquisition of subsidiaries during the previous year, and are the main operating entities with the segment "advertising and media related services" identified by the Group.

The recoverable amount of the goodwill allocated to advertising and media related services are determined based on the value-in-use using the present value of cash flows taking into account the expected operating synergy and profitability and growth of businesses arising from Keen Renown Group.

Keen Renown Group

The cash flow projections are based on financial budgets approved by management covering a 5-year period and assumed growth rates are used to extrapolate the cash flows in the following years. The financial budgets are prepared based on a 5-year business plan which is appropriate after considering the sustainability of business growth, stability of core business developments, long term economic cycle and achievement of business targets. All cash flows are discounted at post-tax discount rates of 15% (2018: 14%) under baseline and stressed scenarios respectively. Management's financial model assumes an average growth rate of 3% (2018: 3%) per annum beyond the 5-year period taking into account long term gross domestic product growth and other relevant economic factors. The discount rate used is based on the rates which reflect specific risks relating to the cash-generating unit.

As the result of decrease in revenue and profits for the year ended 31 March 2019, impairment loss of HK$9,500,000 has been recognised in respect of goodwill related to CGU of Keen Renown Group for the year ended 31 March 2019 (2018: Nil) as its recoverable amount less than the carrying amount.

The directors of the Company believe that any adverse change in the assumption used in the value-in-use calculation will cause for the losses on impairment of goodwill to CGU of Keen Renown.

21. INTANGIBLE ASSETS

	Software HK$'000	Consultancy agreement HK$'000	Project management agreement HK$'000	Total HK$'000
Cost:				
At 1 April 2017	–	32,000	9,934	41,934
Disposal of subsidiaries (Note 34)	–	(32,000)	(9,934)	(41,934)
At 31 March 2018 and 1 April 2018	–	–	–	–
Addition	10,852	–	–	10,852
At 31 March 2019	10,852	–	–	10,852
Accumulated amortisation and impairment:				
At 1 April 2017	–	32,000	9,934	41,934
Disposal of subsidiaries (Note 34)	–	(32,000)	(9,934)	(41,934)
At 31 March 2018, 1 April 2018 and 31 March 2019	–	–	–	–
Carrying amount:				
At 31 March 2019	10,852	–	–	10,852
As 31 March 2018	–	–	–	–

The consultancy agreement and project management services agreement were purchased through acquisition of subsidiaries with finite useful life.

21. INTANGIBLE ASSETS *(continued)*

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

Software	5 years
Consultancy agreement	5 years
Project management services agreement	8 years

The intangible assets will be tested for impairment whenever is an indication that they may be impaired.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	2019	2018
	HK$'000	HK$'000
Trade receivables	**26,890**	26,737
Allowance for expected credit losses (Note 6)	**(1,038)**	–
	25,852	26,737
Deposits (Note b)	**26,754**	153,471
Prepayments (Note c)	**20,737**	7,990
Other receivables (Note d)	**268,493**	78,496
Loan receivables (Note e)	**35,483**	69,549
	377,319	336,243

Notes:

(a) An aged analysis of the Group's trade receivables (which included in trade and other receivables), based on the invoice date, which approximates the respective revenue recognition dates and net of allowance for doubtful debts, at the end of the reporting period is as follows:

	2019	2018
	HK$'000	HK$'000
0 to 30 days	**6,995**	1,693
31 to 60 days	**–**	212
61 to 90 days	**–**	2,786
Over 90 days	**18,857**	22,046
	25,852	26,737

The Group generally allows credit period from 30 to 90 days to its customers.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: (continued)

(a) (continued)

Details on the Group's credit policy are set out in note 4.

The following is an aged analysis of trade receivables which were past due but not impaired based on the due date:

	2018 HK$'000
Overdue by:	
0 to 30 days	–
31 to 60 days	–
61 to 90 days	–
Over 90 days	4,831
	4,831

Trade receivables that were past due but not impaired relate to the credits available to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment 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.

(b) The deposits paid mainly consist of the followings:

(i) During the year ended 31 March 2015, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 30 June 2015 with a vendor, an independent third party, and an earnest money of HK$10,000,000 was paid to the vendor. The possible acquisition lapsed during the year ended 31 March 2016. At 31 March 2016, the outstanding balance was HK$10,000,000. Part of the deposit has been refunded during the year ended 31 March 2017. The outstanding balance was HK$4,900,000 as at 31 March 2017 and it has been fully refunded during the year ended 31 March 2018.

(ii) During the year ended 31 March 2016, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company before 30 September 2016 with a vendor, an independent third party, and an earnest money of approximately HK$16,619,000 has been paid at 31 March 2016. The possible acquisition lapsed during the year ended 31 March 2017 and part of the deposit has been refunded during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$9,000,000 and has been fully refunded during the year ended 31 March 2018.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: (continued)

(b) (continued)

(iii) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire the entire shareholding interest in a target company with a vendor, an independent third party, and an earnest money of approximately HK$16,921,000 was paid to the vendor. During the year ended 31 March 2018, the possible acquisition of the entire shareholding interest in a target company has been lapsed. The Group then entered into a pan-entertainment project with the vendor and an earnest money of approximately HK$7,469,000 was further paid to the vendor during the year ended 31 March 2018. During the year ended 31 March 2019, the possible pan-entertainment project has been lapsed and the deposit has been reclassified to other receivable.

(iv) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire the 60% shareholding interest in a target company with a vendor, an independent third party, and an earnest money of approximately HK$25,000,000 was paid to the vendor. During the year ended 31 March 2018, the possible acquisition of the 60% shareholding interest in a target company has been lapsed and the vendor has refunded approximately HK$13,000,000 to the Group.

(v) During the year ended 31 March 2017, the Group entered into a letter of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company with an independent third party before 31 October 2017 and a deposit of approximately HK$11,281,000 has been paid. A further deposit of approximately HK$12,618,000 has been paid pursuant to acquire the entire shareholding interest in a target company during the year ended 31 March 2018. During the year ended 31 March 2019, the possible of intent for granting a priority and exclusion right to acquire the entire shareholding interest in a target company has been lapsed, the third party has refunded approximately HK$12,195,000 to the Group and the remaining balance has been reclassified to other receivable.

(vi) During the year ended 31 March 2018, the Group entered into pan-entertainment projects with vendors, independent third parties, and earnest money of approximately HK$87,788,000 was paid to the vendors. During the year ended 31 March 2019, the possible pan-entertainment projects has been lapsed and the deposit has been reclassified to other receivable.

(c) The prepayments mainly consist of the followings:

(i) As at 31 March 2018 and 2019, included in prepayments was an amount of approximately HK$2,940,000 for consultancy services to an independent third party.

(d) The other receivables mainly consist of the followings:

(i) At 31 March 2016, included in the other receivables were amounts of HK$14,000,000 and approximately HK$6,965,000, representing the deferred consideration for disposal of the Joint Vision Investments Limited and its subsidiaries ("Joint Vision Group") and the unsettled debt borne by the purchaser of the Joint Vision Group respectively. The amounts were outstanding at 31 March 2016 and HK$1,000,000 has been settled during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$13,000,000 and it has been fully settled during the year ended 31 March 2018.

22. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(continued)*

Notes: (continued)

(d) (continued)

(ii) At 31 March 2016, included in the other receivables was an amount of HK$12,100,000 of the deferred consideration for disposal of Innovate. The amount was outstanding at 31 March 2016 and part of the receivables has been settled during the year ended 31 March 2017. At 31 March 2017, the outstanding balance was HK$4,635,000 and it has been fully settled during the year ended 31 March 2018.

(iii) At 31 March 2017, included in the other receivables was an amount of approximately HK$8,500,000 of the deferred consideration for disposal of Jia Tai Hua and it has been fully settled during the year ended 31 March 2018.

(iv) During the year ended 31 March 2017, the Group entered into a letter of intent to acquire assets in a target company from a vendor, an independent third party, and an earnest money of approximately HK$15,000,000 was paid to the vendor. During the year ended 31 March 2018, the acquisition of assets in a target company has been lapsed.

(v) During the year ended 31 March 2017, the Group entered into a sales and purchase agreement with an independent third party to purchase motor vehicles for the financial leasing business and a deposit of approximately HK$13,654,000 has been paid. During the year ended 31 March 2018, the possible acquisition has been lapsed and the deposit has been reclassified to other receivable.

(vi) During the year ended 31 March 2019, deposit of approximately HK$123,882,000 was transfer to other receivable. Please refer to note 22 (b) (iii), (v) and (vi) for more detail.

(e) The loan receivables mainly consist of the followings:

(i) As at 31 March 2018, the Company had entered into loan agreements with principal amounts of approximately HK$69,549,000 with independent third parties. The loans receivables carry effective interest ranging from 7% to 9% per annum.

(ii) As at 31 March 2019, the Company had entered into loan agreements with principal amounts of approximately HK$35,483,000 with independent third parties. The loans receivables carry effective interest ranging from 7% to 9% per annum.

23. DEPOSIT FOR FILM PRODUCTION

During the year ended 31 March 2016, the Group entered into a film production agreement with an independent third party. A deposit of approximately HK$18,451,000 has been paid as at 31 March 2016. A further deposit of approximately HK$67,676,000 has been paid pursuant to the film production agreement and film productions with cost of approximately HK$17,021,000 have been completed and transferred to film rights during the year ended 31 March 2017. A further deposit of approximately HK$1,876,200 has been paid pursuant to the film production agreement during the year ended 31 March 2018.

23. DEPOSIT FOR FILM PRODUCTION *(continued)*

During the year ended 31 March 2017, the Group entered into a film post-production agreement with an independent third party. A deposit of approximately HK$44,649,000 has been paid as at 31 March 2017. During the year ended 31 March 2018, the third party has refunded of approximately HK$13,758,800 to the Group.

During the year ended 31 March 2018, the Group entered into letters of intent with independent third parties. Deposits of approximately HK$77,981,000 has been paid as at 31 March 2018.

24. FINANCE LEASE RECEIVABLES – NET

Certain rental vehicles have been leased out or disposed of through finance leases entered into by the Group. These leases have remaining terms ranging generally from 3 years. Finance lease receivables are comprised of the following:

	2018 HK$'000
Current portion	6,315
Non-current portion	–
	6,315

Amounts receivable under finance leases

	Minimum lease payments 2018 HK$'000	Present value of Minimum lease payments 2018 HK$'000
Not later than one year	6,536	6,315
Later than 1 year and not later than 5 years	–	–
	6,536	6,315
Unearned financial income	(221)	N/A
Present value minimum lease payment receivables	6,315	6,315

24. FINANCE LEASE RECEIVABLES – NET *(continued)*

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is approximately 5.5% per annum for the year ended 31 March 2018.

At 31 March 2018, the finance lease receivables are neither past due nor impaired.

At 31 March 2018, the carrying amount of the finance lease receivables which have been as security for certain other borrowing is approximately HK$6,315,000.

25. FILM RIGHTS

	2019	2018
	HK$'000	HK$'000
Cost		
At 1 April	**18,262**	16,470
Exchange realignment	**1,676**	1,792
31 March	**19,938**	18,262
Accumulated amortisation and impairment losses		
At 1 April	**18,262**	16,470
Exchange realignment	**1,676**	1,792
31 March	**19,938**	18,262
Carrying amount		
31 March	**–**	–

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019	2018
	HK$'000	HK$'000
Held for trading		
Listed equity Securities – the PRC, at fair value	**2**	2

27. BANK BALANCES AND CASH

	2019	2018
	HK$'000	HK$'000
Cash in hand and at bank:		
Hong Kong Dollar	**49,258**	5,183
Renminbi	**7,854**	10,728
US Dollar	**493**	493
31 March	**57,605**	16,404

Cash at bank earns interest at floating rates based on daily bank deposit rates which range from 0% to 0.1% for both years. Short term time deposits are denominated in HK$, RMB and USD which made for varying periods between one day and three months depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

28. TRADE AND OTHER PAYABLES

	The Group	
	2019	2018
	HK$'000	HK$'000
Trade payables (Note a)	**11,208**	13,989
Accruals and other payables	**106,008**	51,222
Security deposits received	**2,030**	1,433
Receipt in advance (Note b)	**–**	11,341
Other non-income tax payable	**182**	293
	119,428	78,278

Note:

(a) An aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period is as follows:

	2019	2018
	HK$'000	HK$'000
Overdue by:		
0 to 30 days	**4,064**	1,157
31 to 60 days	**–**	454
61 to 90 days	**–**	5
Over 90 days	**7,144**	12,373
	11,208	13,989

(b) The receipt in advance mainly consist of the followings:

(i) During the year ended 31 March 2018, the Group received a film investment deposit from a purchaser, an independent third party, an amount of approximately HK$4,625,000 was received from the purchaser.

(ii) During the year ended 31 march 2018, the Group received pan-entertainment deposits from purchasers, independent third parties, amounts of approximately HK$5,754,000 were received from the purchasers.

29. CORPORATE BOND

On 29 December 2015, the Company issued a one-year annual coupon corporate bond with principal amount of HK$10,000,000 carrying interest at 15% per annum. Interest was deducted at source on the issue date of the corporate bond. Upon the maturity of the corporate bond on 29 December 2016, principal amount of HK$8,000,000 carrying interest at 15% has been extended for 6 months.

The corporate bond was further extended to October 2017 and was fully settled during the year ended 31 March 2018.

The effective interest rate for the year ended 31 March 2018 is 15%.

	2018 HK$'000
At 1 April	7,706
Repayment	(8,425)
Imputed interest on corporate bond	719
31 March	–

30. OTHER BORROWINGS

The exposure of the Group's borrowings and the contractual maturity dates are as follows:

	2019 HK$'000	2018 HK$'000
Unsecured other borrowings	**22,329**	28,193

	2019 HK$'000	2018 HK$'000
The carrying amounts of the above borrowings are repayable:		
Within one year	**22,329**	20,688
Within a period of more than one year but not exceeding two years	**–**	7,505
	22,329	28,193
Less: amounts due within one year shown under current liabilities	**(22,329)**	(20,688)
Amounts shown under non-current liabilities	**–**	7,505

30. OTHER BORROWINGS *(continued)*

The other borrowings bear interest rate ranging from 4.8%to 15.0% (2018: 4.8% to 15.0%) per annum for the year ended 31 March 2019.

As at 31 March 2019, the other borrowings of HK$20,000,000 granted to the Group are guaranteed by Mr. Wei Shu Jun and Ms. Zhu Qi, the ex-directors of the Company.

31. OBLIGATION UNDER FINANCE LEASES

	2019	2018
	HK$'000	HK$'000
Analysed for reporting purposes as:		
Current liabilities	**748**	399
Non-current liabilities	**–**	350
	748	749

It is the Group's policy to lease certain of its motor vehicles under finance leases. The lease terms range from 3 to 5 years. Interest rate underlying all obligations under finance leases are fixed at respective contract dates is 14.4% per annum (2018: 14.4%) per annum.

	Minimum lease payments		**Present value of Minimum lease payments**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**752**	448	**748**	399
Later than 1 year and not later than 5 years	**–**	354	**–**	350
	752	802	**748**	749
Less: future finance charges	**(4)**	(53)	**N/A**	N/A
Present value of lease obligations	**748**	749	**748**	749
Less: Amount due for settlement with 12 months (shown under current liabilities)			**(748)**	(399)
Amount due for settlement after 12 months			**–**	350

32. SHARE CAPITAL

	2019 Number of share	Amount HK$'000	2018 Number of share	Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000,000**	**200,000**	20,000,000,000	200,000
Issued and fully paid:				
At 1 April, ordinary shares of HK$0.01 each	**3,240,859,951**	**32,409**	2,777,252,599	27,773
Issue of shares (Note a)	**324,085,995**	**3,240**	–	–
Exercise of shares options (Notes b)	**–**	**–**	13,607,352	136
Placing of new shares (Note c)	**–**	**–**	450,000,000	4,500
At 31 March, ordinary shares of HK$0.01 each	**3,564,945,946**	**35,649**	3,240,859,951	32,409

Notes:

For the year ended 31 March 2019:

(a) On 13 February 2019, the Company entered into a subscription agreement with independent third-party subscriber that agreed to subscribe for, an aggregate of 324,085,995 subscription shares at the subscription price of HK$0.178 per subscription share.

For the year ended 31 March 2018:

(b) During the year ended 31 March 2018, certain option holders exercised their option rights to subscribe for an aggregate of 13,607,352 shares at an exercise price of HK$0.373.

(c) On 25 September 2017, the Company entered into a placing agreement with a placing agent, pursuant to which, the placing agent agreed to place, or procure the placing of, a maximum of 450,000,000 new shares in the Company at the placing price of HK$0.188. The placing of 450,000,000 placing shares was completed on 19 October 2017.

33. CONTRACT LIABILITIES

At initial application of HKFRS 15 at 1 April 2018, contract liabilities of approximately HK$11,341,000 was reclassified from trade deposit received. The entire amount of contract liabilities at 1 April 2018 are reclassified to other payable as the failure of the film production in the current year.

34. DISPOSAL OF SUBSIDIARIES

For the year ended 31 March 2018

(a) Disposal of Sunny Chance Limited and its subsidiary

On 15 March 2018, the Company has entered into a sale and purchase agreement with an independent third party to dispose of the entire share capital of Sunny Chance Limited, at an aggregate consideration of HK$300,000 payable in cash. The disposal was completed on 15 March 2018.

	HK$'000
Consideration receivable	300
Total consideration	300

Details of the assets and liabilities of Sunny Chance Limited and its subsidiary are set out as follows:

	HK$'000
Property, plant and equipment	267
Trade and other receivables	81
Bank balances and cash	61
Trade and other payables	(21)
Amount due from a fellow subsidiary	8,500
Amount due to the ultimate holding company	(114,261)
Net liabilities disposed of	(105,373)
Waiver of amount due to the ultimate holding company	114,261
Waiver of amount due from a fellow subsidiary	(8,500)
Total consideration	(300)
Loss on disposal of subsidiaries	88

	HK$'000
Consideration received	–
Less: bank balances and cash	(61)
Net cash outflow arising from disposal	(61)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(b) Disposal of United Falcon Limited and its subsidiaries

On 31 October 2017, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of United Falcon Limited, at an aggregate consideration of HK$40,000 payable in cash. The disposal was completed on 31 October 2017.

	HK$'000
Consideration receivable	40
Total consideration	40

Details of the assets and liabilities of United Falcon Limited and its subsidiaries are set out as follows:

	HK$'000
Trade and other receivables	4
Trade and other payables	(112)
Amount due to the immediate holding company	(21)
Amount due to the intermediate holding company	(631)
Net liabilities disposed of	(760)
Waiver of amount due to the immediate holding company	21
Waiver of amount due to intermediate holding company	631
Total consideration	(40)
Gain on disposal of subsidiaries	(148)

	HK$'000
Consideration received	40
Less: bank balances and cash	–
Net cash inflow arising from disposal	40

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(c) Disposal of Global Brilliant

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Global Brilliant, at an aggregate consideration of HK$10,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration receivable	10
Total consideration	10

Details of the assets and liabilities of Global Brilliant are set out as follows:

	HK$'000
Trade and other receivables	232
Bank balances and cash	115
Trade and other payables	(991)
Amount due to the ultimate holding company	(1,677)
Amount due to the intermediate holding company	(10)
Net liabilities disposed of	(2,331)
Waiver of amount due to the ultimate holding company	1,677
Total consideration	(10)
Gain on disposal of a subsidiary	(664)

	HK$'000
Consideration received	10
Less: bank balances and cash	(115)
Net cash outflow arising from disposal	(105)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(d) Disposal of Activepart

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Activepart, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration receivable	2
Total consideration	2

Details of the assets and liabilities of Activepart are set out as follows:

	HK$'000
Trade and other receivables	1
Amount due from a fellow subsidiary	1,807
Amount due from the ultimate holding company	1,005
Net liabilities disposed of	2,813
Wavier of amount due from a fellow subsidiary	(1,807)
Wavier of amount due from the ultimate holding company	(1,005)
Total consideration	(2)
Gain on disposal of a subsidiary	(1)

	HK$'000
Consideration received	2
Less: bank balances and cash	–
Net cash inflow arising from disposal	2

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(e) Disposal of Cheer Union

On 29 March 2018, the Company has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Cheer Union, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 29 March 2018.

	HK$'000
Consideration receivable	2
Total consideration	2

Details of the assets and liabilities of Cheer Union are set out as follows:

	HK$'000
Deposit, prepayment and other receivables	3,208
Property, plant and equipment	1,067
Bank balances and cash	138
Accruals and other payables	(39)
Other borrowings	(11,500)
Obligation under financial leases	(790)
Amounts due from fellow subsidiaries	20,622
Amount due to the ultimate holding company	(19,984)
Amounts due to fellow subsidiaries	(3,781)
Net liabilities disposed of	(11,059)
Wavier of amount due from a fellow subsidiary	(18,587)
Wavier of amount due to the ultimate holding company	19,984
Wavier of amount due to a fellow subsidiary	750
Total consideration	(2)
Gain on disposal of a subsidiary	(8,914)

	HK$'000
Consideration received	2
Less: bank balances and cash	(138)
Net cash outflow arising from disposal	(136)

34. DISPOSAL OF SUBSIDIARIES *(continued)*

For the year ended 31 March 2018 *(continued)*

(f) Disposal of Easy Ace

On 27 March 2018, the Group has entered into sale and purchase agreement with an independent third party to dispose of the entire share capital of Easy Ace, at an aggregate consideration of HK$2,000 payable in cash. The disposal was completed on 27 March 2018.

	HK$'000
Consideration receivable	2
Total consideration	2

Details of the assets and liabilities of Easy Ace are set out as follows:

	HK$'000
Trade and other receivables	8
Amount due to a fellow subsidiary	(5)
Amount due to the ultimate holding company	(32)
Net liabilities disposed of	(29)
Wavier of amount due to a fellow subsidiary	5
Wavier of amount due to the ultimate holding company	32
Total consideration	(2)
Loss on disposal of subsidiaries	6

	HK$'000
Consideration received	2
Less: bank balances and cash	–
Net cash inflow arising from disposal	2

35. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2018, the Group disposed of the entire issued share capital of Sunny Chance Limited to an independent third party at a total consideration of HK$300,000 (note 34(a)). The consideration receivable of HK$300,000 has not been received at 31 March 2018.

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Obligation under finance lease HK$'000	Coporate bond HK$'000	Other borrowings HK$'000	Total HK$'000
As at 1 April 2017	1,500	7,706	28,177	37,383
Cash flows:				
Proceeds from other borrowings	–	–	20,000	20,000
Repayment of other borrowings	–	–	(11,370)	(11,370)
Repayment of obligation under finance leases	(234)	–	–	(234)
Repayment of corporate bonds	–	(8,425)	–	(8,425)
Non-cash:				
Interest accrued	–	719	–	719
Disposal of a subsidiary	(790)	–	(11,500)	(12,290)
Exchange realignment	273	–	2,886	3,159
At 31 March 2018 and 1 April 2018	749	–	28,193	28,942
Cash flows:				
Proceeds from other borrowings	–	–	1,653	1,653
Repayment of other borrowings	–	–	(11,007)	(11,007)
Repayment of obligation under finance leases	(49)	–	–	(49)
Non-cash:				
Interest accrued	49	–	3,746	3,795
Exchange adjustments	(1)	–	(256)	(257)
At 31 March 2019	**748**	**–**	**22,329**	**23,077**

37. COMMITMENTS

Operating lease commitments

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from 3 to 5 years.

At 31 March 2019 and 2018, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	The Group	
	2019	2018
	HK$'000	HK$'000
Within one year	**5,372**	10,309
In the second to fifth years, inclusive	**3,017**	13,325
	8,389	23,634

Capital commitments

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	The Group	
	2019	2018
	HK$'000	HK$'000
Capital expenditure in respect of the acquisition of subsidiaries contracted for	**40,935**	43,778

38. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with related parties during the year:

Compensation to key management personnel

Compensation to directors of the Company and other members of key management personnel during the year is as follows:

	2019 HK$'000	2018 HK$'000
Short-term benefits	**3,874**	8,940
Retirement scheme contribution	**18**	18
	3,892	8,958

The remuneration of directors of the Company and key executives is determined by the remuneration committee with due regard to the performance of individuals and market trends. Further details of directors' and the chief executive's emoluments are included in note 15 to the consolidated financial statements.

39. DEFINED BENEFIT PLANS

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") for all qualifying employees. The assets of the MPF Scheme are held separately from those of the Group, in fund under the control of trustees. The Group contributes 5% of relevant payroll costs (limited to HK$30,000 per annum of each individual employee) to the MPF Scheme, which contribution is matched by employees.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits schemes operated by the China government. The PRC subsidiaries are required to contribute to the retirement benefits schemes based on a certain percentage of their payroll to fund the benefits. The only obligation of the Group with respect to these retirement benefits schemes is to make the required contributions under the schemes.

Employees employed by the Group outside Hong Kong are covered by the appropriate local defined contribution schemes pursuant to the local labour rules and regulations.

40. SHARE OPTION SCHEME

Pursuant to a resolution passed at the annual general meeting of the Company held on 25 September 2012, a new share option scheme (the "New Share Option Scheme") was adopted by the Company.

The previous share option scheme of the Company (the "Old Share Option Scheme") was expired on 2 August 2012, no further options can be granted under the Old Share Option Scheme thereafter. All outstanding share option granted under the Old Share Option Scheme prior to the said expiry shall be lapsed in accordance with the provisions of the Old Share Option Scheme.

The major terms of the New Share Option Scheme are summarised as follows:

(a) The purpose of the New Share Option Scheme is to enable the Group to grant share options to selected participants as incentives or rewards for their contribution to the Group.

(b) The participants include:

(i) (1) any employee or proposed employee of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest, including any executive director of the Company, any of such subsidiaries or any Invested Entity;

(2) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and

(7) any joint venture partner or counter-party to business transactions of the Group.

(ii) any company wholly owned by one or more persons belonging to any of the above classes of participants.

40. SHARE OPTION SCHEME *(continued)*

(c) The exercise price of a share option shall be a price determined by the directors and shall at least be the higher of:

  (i) the closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and

  (ii) the average closing price of a share of the Company as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(d) Maximum number of shares:

  (i) The total number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the shares in issue from time to time; and

  (ii) The total number of shares which may be issued upon exercise of all share options to be granted under the New Share Option Scheme and any other schemes must not in aggregate, exceed 10% of the shares in issue at the date of adoption of the New Share Option Scheme (the "Limit") provided that share options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Limit.

(e) The total number of shares issued and to be issued upon the exercise of share options granted and to be granted to each participant (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the shares in issue.

(f) The exercisable period should be determined by the board of directors upon grant of the share option but in any event should not exceed 10 years from the date of grant of the share option.

At the end of the reporting period, the number of shares which may be issued upon exercise of share options granted and remain outstanding under the New Share Option Scheme was 61,600,000 (2018: 82,420,000), representing 2% (2018: 3%) of shares of the Company in issue at that date. As at 31 March 2019, 441,520,000 (2018: 441,520,000) share options have been granted under the New Option Scheme since its adoption.

40. SHARE OPTION SCHEME *(continued)*

During the years ended 31 March 2019 and 31 March 2018 the Company's share options granted under the share option schemes are as follows:

Date of grant	Category of eligible persons	Exercise price	Exercise period	Outstanding at 1 April 2017	Exercised during the year	Lapsed during the year	Outstanding at 31 March 2017 and 1 April 2018	Lapsed during the year	Outstanding at 31 March 2019
22 August 2014	Consultants	0.373	22 August 2014 to 21 August 2017	27,214,704	(13,607,352)	(13,607,352)	–	–	–
10 March 2016	Consultants	0.339	10 March 2016 to 9 March 2019	20,820,000	–	–	20,820,000	(20,820,000)	–
	Employees	0.339	10 March 2016 to 9 March 2019	–	–	–	–	–	–
13 January 2017	Consultants	0.275	13 January 2017 to 12 January 2020	61,600,000	–	–	61,600,000	–	61,600,000
			Total	109,634,704	(13,607,352)	(13,607,352)	82,420,000	(20,820,000)	61,600,000
			Exercisable at the beginning and at the end of the year	109,634,704			82,420,000		61,600,000
			Weighted average Exercise price	HK$0.31	HK$0.37	HK$0.37	HK$0.29	HK$0.34	HK$0.28

The fair value of options granted on 13 January 2017 is determined using the Black-Scholes Option Pricing Model with the expected volatility which is based on the historical share price volatility over the past two years. The following significant assumptions were used to derive the fair values using the Black-Scholes Option Pricing Model:

Date of grant	**13 January 2017**
Total number of share options	258,000,000
Option value	HK$0.1267
Option life	3 years
Expected tenor	3 years
Exercise price	HK$0.275
Stock price at the date of grant	HK$0.275
Volatility	75.514%
Risk free rate	1.229%

For equity-settled share-based payments with parties other than employees, the Group has rebutted the presumption that the fair values of the services received can be estimated reliably. As in the opinion of the directors, the Group measured the services received from these parties and its fair value is approximate to the fair values of the share options granted using the trinomial option pricing model, at the date these parties rendered related services to the Group.

40. SHARE OPTION SCHEME *(continued)*

Expected volatility was determined by using the historical volatility of the Company's share price over certain historical periods. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised a total expense of approximately HK$Nil for the year ended 31 March 2019 (2018: HK$Nil) in relation to share option granted by the Company. During the year ended 31 March 2019, 20,820,000 share option were lapsed.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

41.1 General information of subsidiaries

Details of the Group's subsidiaries at the end of the reporting period are set out below.

Name of Subsidiary	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Activemix	British Virgin Islands/ Hong Kong	US$1	100%	100%	–	Securities investment
Keen Renown Limited	British Virgin Islands/ British Virgin Islands	US$200	60%	–	60%	Investment holding
Ziyi Management Consulting (Shanghai) Company Limited* (梓懿管理諮詢(上海)有限公司) (Note a)	The PRC/The PRC	US$1,000,000	60%	–	60%	Advertising and media related services
Shanghai Zhongteng Advertising Limited* (上海中騰廣告有限公司) (Note b)	The PRC/The PRC	RMB20,000,000	60%	–	–	Advertising and media related services
Shanghai Si Xuan (Note c)	The PRC/The PRC	RMB100,000	100%	–	–	Advertising and media related services
Hangzhou Lianli Advertising Limited* (杭州聯力廣告有限公司) (Note b)	The PRC/The PRC	RMB50,000	60%	–	60%	Advertising and media related services
First FinTech (Shanghai) Company Limited* (眾網金融科技(上海)有限公司)	The PRC/The PRC	RMB9,215,770	100%	–	100%	Financial leasing and other financial services
Shenzhen Jia Ying (Note a)	The PRC/The PRC	US$2,050,201	100%	100%	–	Financial leasing and other financial services

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.1 General information of subsidiaries *(continued)*

Notes:

(a) These subsidiaries are wholly foreign owned enterprises in the PRC.

(b) These subsidiaries are domestic enterprise with limited liabilities established in the PRC.

(c) This subsidiary is a domestic enterprise with limited liabilities established in the PRC. The subsidiary is indirectly held by the Company through contractual arrangement by Mr. Sun Yiqi who holds the interest in the subsidiary of 100%.

* For identification purpose only

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

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The following are the summarised financial information for Shanghai Si Xuan, which is accounted for a wholly owned subsidiary under contractual arrangement.

	2019	2018
	HK$'000	HK$'000
Shanghai Si Xuan		
Current assets	**12,199**	13,049
Current liabilities	**(8,319)**	(8,896)
Net assets	**3,880**	4,153
Revenue	**–**	–
Loss for the year	**(3)**	(6)

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(continued)*

41.1 General information of subsidiaries *(continued)*

Under the current PRC regulations, the Group is not allowed to directly hold the equity interests in an advertising and media company. Foreign companies are allowed to acquire 100% equity interests in the advertising enterprise in the PRC in accordance with the provision of Regulations for Merger with and Acquisition of Domestic Enterprises by Foreign Investors and Regulations on the Administration of Foreign-funded Advertising Enterprises.

Hence, the contractual arrangement are designed to provide the Group with effective control over and the right to enjoy the economic benefits in and assets of Shanghai Si Xuan. Upon the contractual arrangement becoming effective, the Group is able to consolidate 100% of the interests in Shanghai Si Xuan by treating this company as indirectly non-wholly owned subsidiary.

41.2 Details of non-wholly owned subsidiaries that have material non-controlling interests

The following table lists out the information relating to Keen Renown Group which have material non-controlling interest (NCI). The summarized financial information presented below represents the amounts before any inter-company elimination.

	2019	2018
NCI percentage	**40%**	40%

	2019 **HK$'000**	2018 HK$'000
Current assets	**371,213**	401,350
Non-current assets	**1,913**	2,877
Current liabilities	**(352,406)**	(358,437)
Net assets	**20,720**	45,790
Carrying amount of NCI	**8,288**	18,316
Revenue	**(7,186)**	56,842
(Loss)/profit for the year	**12,072**	18,275
Total comprehensive (loss)/income	**(24,405)**	33,208
Total comprehensive (loss)/income allocated to NCI	**(9,762)**	13,283
Cash flows from operating activities	**11,527**	5,809
Cash flows from investment activities	**(69)**	3,442

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Property, plant and equipment	**34**	47
Investments in subsidiaries	**77,890**	77,865
	77,924	77,912
Current assets		
Amount due from subsidiaries	**54,455**	337,141
Deposits, prepayments and other receivables	**807**	2,768
Bank balances and cash	**47,587**	4,743
	102,849	344,652
Current liabilities		
Accruals and other payables	**9,829**	3,458
Other borrowings	**20,000**	20,000
	29,829	23,458
Net current assets	**73,020**	321,194
Total assets less current liabilities	**150,944**	399,106
Capital and reserves		
Share capital	**35,649**	32,409
Reserves	**115,295**	366,697
Total equity	**150,944**	399,106

The Company's statement of financial position was approved and authorised for issue by the board of directors on 27 June 2019 and signed on its behalf by:

Fu Yuanhong
Director

Wu Xiaoming
Director

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's equity

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
As at 31 March 2017 and 1 April 2017	27,773	1,685,889	325,866	15,635	(1,711,444)	343,719
Loss and total comprehensive expenses for the year	–	–	–	–	(31,267)	(31,267)
Lapse of share options	–	–	–	(2,304)	2,304	–
Placing new shares	4,500	80,100	–	–	–	84,600
Share issuing expenses	–	(3,021)	–	–	–	(3,021)
Exercise of share options	136	7,247	–	(2,308)	–	5,075
As at 31 March 2018	32,409	1,770,215	325,866	11,023	(1,740,407)	399,106
Impact of adoption of HKFRS 9	–	–	–	–	(28)	(28)
At 1 April 2018 (Restated)	**32,409**	**1,770,215**	**325,866**	**11,023**	**(1,740,435)**	**399,078**
Loss and total comprehensive expenses for the year	**–**	**–**	**–**	**–**	**(304,232)**	**(304,232)**
Lapse of share options	**–**	**–**	**–**	**(3,221)**	**3,221**	**–**
Issue of shares	**3,240**	**54,446**	**–**	**–**	**–**	**57,686**
Share issuing expenses	**–**	**(1,588)**	**–**	**–**	**–**	**(1,588)**
As at 31 March 2019	**35,649**	**1,823,073**	**325,866**	**7,802**	**(2,041,446)**	**150,944**

43. COMPARATIVE INFORMATION

Certain comparative amounts have been reclassified to conform with the current period presentation.

The Group has initially applied HKFRS 9 and HKFRS 15 at 1 April 2018, under the transaction method, comparative information is not restated.

44. 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.

Summary of Financial Information

RESULTS

	For the year ended 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Continuing operations					
Revenue	33,103	28,543	47,648	69,218	**107,159**
Loss before taxation	(80,922)	(63,866)	(113,861)	(52,389)	**(46,169)**
Income tax expenses	(104)	(256)	(1,525)	(697)	**(1,618)**
Loss for the year from continuing operations	(81,026)	(64,122)	(115,386)	(53,086)	**(47,787)**
Discontinued operations					
Loss for year from discontinued operations	(75,755)	(1,751)	(456)	359	**–**
Loss for the year	(156,781)	(65,873)	(115,842)	(52,727)	**(47,787)**
Loss attributable to:					
owners of the Company	(155,627)	(65,349)	(113,701)	(60,037)	**(42,680)**
non-controlling interest	(1,154)	(524)	(2,141)	7,310	**(5,107)**
	(156,781)	(65,873)	(115,842)	(52,727)	**(47,787)**

ASSETS AND LIABILITIES

	As at 31 March				
	2015	2016	2017	2018	**2019**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Non-current assets	68,965	34,431	34,559	25,149	**23,193**
Current assets	216,523	484,112	487,613	590,676	**615,271**
Current liabilities	31,194	56,229	80,810	104,971	**148,151**
Non-current liabilities	2,972	–	19,077	7,855	**–**