UKF (HOLDINGS) LIMITED
英裘（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1468

Annual Report 2018

Contents

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Tang Tat Chi

Company Secretary

Mr. Ong Tiang Lock

Audit Committee

Ms. Mak Yun Chu *(Chairperson)*
Mr. Hung Wai Che
Mr. Tang Tat Chi

Remuneration Committee

Mr. Hung Wai Che *(Chairperson)*
Ms. Mak Yun Chu
Mr. Tang Tat Chi

Nomination Committee

Mr. Tang Tat Chi *(Chairperson)*
Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Wong Chun Chau

Authorised Representatives

Mr. Wong Chun Chau
Ms. Kwok Yin Ning

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Public Bank Limited

Auditor

HLM CPA Limited

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

902, Harbour Centre, Tower 2,
8 Hok Cheung Street, Hunghom,
Kowloon, Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Share Registrar and Transfer Office in the Cayman Islands

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
PO Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Corporate Website

http://www.ukf.com.hk

Stock Code

1468

Listing Dates

24 August 2012 (Growth Enterprise Market)
20 March 2015 (Main Board)

CHAIRMAN'S STATEMENT

It is my pleasure to report to you the status of UKF (Holdings) Limited (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 March 2018.

Business Review

The securities brokerage business has become the major revenue source and contributed profit to the Group while the fur business is still suffering from stiff competition, persistently weak demand and change of customers' taste to fur.

Securities Brokerage Business

With the completion of the acquisition of Great Roc Capital Securities Limited, a company permitted to carry out Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance ("SFO", Chapter 571 of the Laws of Hong Kong) on 20 January 2017, it began to pay off by contributing approximately HK$81 million and HK$37 million revenue and profit respectively.

Fur Business

The Kopenhagen Fur Auction opened their season with the February auction slightly down from last year's September auction. Their auctions for the months of March and May saw mink prices continue to fall lower still.

This continuous drop in mink prices for all three Kopenhagen Fur's auctions provided us with no chance to make profit in our skin trading.

Our skin brokerage and financing division continues to be very challenging. The difficulties we are experiencing are from the cut-throat competition from the numerous Mainland Chinese fur brokers who are continuing their practice of "price war" by lowering their commission rate by 50%. With this industry-wide problem, the Group employed a very conservative attitude to scale down the business in our fur skin brokerage and financing division to keep our loss to a minimum.

For mink farming business, it was not satisfactory because of the weak demand of fur that lead to a lower market price of mink skins. As a result, the mink farming division had to cut costs and maintain control of our mink breeding to narrow down losses.

CHAIRMAN'S STATEMENT

General Offer ("GO")

This year is a dynamic one. Except for developing new business, there are changes in substantial shareholders. On 12 February 2018, Trader Global, Mr. Wong and Ms. Kwok Yin Ning (collectively the "Vendor") have signed a sale and purchase agreement with Perfect Thinking Global Limited (the "Purchaser" or "Offeror") where the Vendor agreed to sell and the Purchaser agreed to purchase a total of 723,033,600 shares of the Company (the "Shares") at a consideration of HK$0.25 each (the "Share Offer"). Of which, Trader Global, Mr. Wong and Ms. Kwok agreed to sell 653,232,000, 35,539,200 and 34,262,400 Shares respectively, representing approximately 14.33%, 0.78% and 0.75% of the existing issued share capital of the Company. Upon completion of the said transaction, the Purchaser and its ultimate beneficial owner, Mr. Chen Jiarong, will hold more than 30% interest of the Company and would therefore trigger a possible conditional mandatory General Offer ("GO") under the Code on Takeovers and Mergers (the "Takeovers Code") published by the Securities and Futures Commission ("SFC"). As at the date of this report, such transaction is still in progress.

Prospects

For securities brokerage business, we are confident that it will continue to be the major source of income and we will put further resources to develop our equity capital market business as well as margin financing. We are poised to further develop our financial services business to also money lending and wealth management businesses.

For fur business, many changes have taken place over the last few years in the fur industry and measures have had to undertake to handle these changes while still trying to generate profit. One of which is that present demand of skins only allow the auctions worldwide to sell no more than 80% of their offered quantity, therefore, the Group must keep skin trading to an absolute minimum. This is a vital practice since customers are now allowed to go directly to the auctions to buy the remaining 20% when they are looking for skins.

The Group is continuing to monitor and cut costs on the mink farming business in the hope that this business will make profit even if the auction prices remain every low.

A recent news that may have a negative impact on our fur business is that a couple of famous designer brands have stated that they will not use fur in their fall and winter collections. We will monitor closely the possible effect on our business but we stand by our industry as we are still optimistic with it since Danish mink farming is still the source for the best mink in the world.

Last but not least, I would like to express my gratitude to all staff of the Group for your relentless effort and your support to the Company. I am looking to share a fruitful result with you next year!

Wong Chun Chau
Chairman
Hong Kong, 15 June 2018

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

The revenue of the Group for the year ended 31 March 2018 ("FY2018") was approximately HK$200.3 million, representing an increase of approximately 54.07% from approximately HK$130.0 million for the year ended 31 March 2017 ("FY2017"). The increase in the revenue was mainly attributable to the increase in contribution of income from the new securities brokerage business of approximately HK$74.2 million for FY2018 as only 2 months revenue had been consolidated in the Group's financial statements for FY2017 after completion of the acquisition of the securities brokerage business on 20 January 2017. These was a slight decrease of approximately 3.45% in revenue from the fur business for FY2018.

Cost of sales

The cost of sales of the Group amounted to approximately HK$122.7 million for FY2018, representing an increase of approximately 2.35% from approximately HK$119.9 million for FY2017, which was mainly due to the increase in cost of sales of trading of fur skins was less than that of revenue.

The cost of sales for both FY2018 and FY2017 were solely derived from fur business segment. The businesses of securities brokerage and other financial services are provision of services, which the costs of services do not account for as cost of sales for financial reporting purpose.

Gross profit and gross profit margin

As a result of the consolidation of full year revenue of the securities brokerage business for FY2018 , the Group recorded a gross profit of approximately HK$77.5 million or gross profit margin of 38.72% for FY2018, compared with that of approximately HK$10.1 million or 7.76% for FY2017.

Other income

Other income increased by approximately HK$35.9 million for FY2018, mainly due to the reported net foreign exchange gain in mink farming of approximately HK$31.8 million as other income in FY2018 against net foreign exchange loss of approximately HK$10.9 million recognised as the Group's administrative expenses in FY2017.

Write back of inventories

For FY2018, there was no write back of inventories versus last year's HK$0.4 million.

Impairment of goodwill

There was no impairment loss on goodwill recognised for FY2018 as compared with last year's HK$37.9 million of impairment loss on goodwill for the fur skins brokerage business.

Change in fair value less costs to sell of biological assets

The Group recognised a gain of approximately of HK$12.3 million from an adjustment in the fair value of biological assets for FY2018, compared to a gain of HK$39.5 million last year. The biological assets are mated female minks and male minks for breeding for the mink farming business. Further details regarding the valuation of biological assets are set out in Note 18 to the consolidated financial statements .

Administrative expenses

The administrative expenses of the Group increased by approximately 4.98% from approximately HK$110.1 million for FY2017 to approximately HK$115.5 million for FY2018. The increase in the administrative expenses was primarily due to inclusion of full year operating expenses of securities brokerage business, partially offset by the decrease in bad debts (including allowance for bad debts) recognised for the fur skins brokerage business of approximately HK$30.1 million in FY2017 and the absence of last year's net foreign exchange loss of approximately HK$10.9 million.

Finance costs

The finance costs of the Group increased by approximately 96.02% from approximately HK$5.9 million for the FY2017 to approximately HK$11.5 million for FY2018, primarily due to the increase in the imputed interest of approximately HK$5.3 million in connection with the promissory note with carrying amount of HK$99.2 million as at 31 March 2018 issued by the Company for part of the consideration for the acquisition of the securities brokerage business in January 2017.

Loss for the year

The Group reported a decrease in loss for the year from approximately HK$104.4 million for FY2017 to loss of approximately HK$7.9 million for FY2018. The improvement in results was mainly attributable the satisfactory financial results of the new securities brokerage business, which have been consolidated into the Group's accounts since January 2017.

Liquidity, Financial Resources and Capital Structure

The Group mainly finances its operations with internally generated cash flow, bank borrowings and equity/debt financings. The Group maintained bank balances and cash of approximately HK$100.4 million as at 31 March 2018 (2017: approximately HK$128.7 million) in Hong Kong dollars ("HK$") and United States dollars ("US$"). The net assets of the Group as at 31 March 2018 were approximately HK$548.3 million (2017: approximately HK$427.0 million).

On 31 July 2017, the Company entered into a share subscription agreement with each of Perfect Thinking Global Limited ("Perfect Thinking") and Instant Idea Limited ("Instant Idea") where Perfect Thinking and Instant Idea agreed to subscribe up to 484,889,000 and 120,000,000 Shares respectively at HK$0.21 per share (collectively "Share Subscription Agreement. The aggregate nominal value of the shares issued under of Shares Subscription Agreements is HK$6,048,890. The transaction completed on 9 August 2017 with gross proceeds of approximately HK$127 million raised. The net proceeds of approximately HK$126.7 million, representing a net issue price of HK$0.209 per share, would be used to (i) develop the Group's securities brokerage and money lending business; and (ii) provide general working capital of the Group. As at 31 March 2018, approximately HK$100 million has been utilised for the development of the securities brokerage and money lending business and approximately HK$26.7 million has been utilised for general working capital.

The closing price of the shares was HK$0.249 per share as quoted on the Stock Exchange on the date of the Share Subscription Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Key Performance

The above financial data were chosen to present in this annual report as they represent a material financial impact on the consolidated financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 March 2018.

As at 31 March 2018, the Group had bank borrowings, which represented trust receipt loans, term loans and revolving loans of approximately nil, HK$69 million and HK$100 million respectively to finance its purchases of fur skins, margin financing and general working capital (2017: HK$9.9 million, HK$58.3 million and HK$100 million respectively). All of bank borrowings were held in HK$, US$ and Danish Krone ("DKK"). The Group has obtained various banking facilities of up to HK$189 million (2017: HK$214 million) with different covenants such as (i) corporate guarantees provided by the Company, (ii) charge over fixed assets, trade receivables, inventories and biological assets. The net external gearing ratio, representing the ratio of total interest bearing borrowings to the net assets of the Group, was about 50.9% as at 31 March 2018 (2017: 70.9%).

The Group adopts a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised.

During the year, the Group had not engaged in any financial instruments for hedging or speculative activities.

The Group has certain investments and operations in Denmark which are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

Charge of Assets

As at 31 March 2018, the Group charged the key management insurance contract which is classified as an available-for-sale investment of approximately HK$11 million (2017: HK$11 million), other plant and equipment, trade receivables, biological assets and inventories of approximately DKK94,328,000 (approximately HK$122,419,000) (2017: DKK101,573,000, approximately HK$113,528,000) for bank borrowings.

Capital Commitments

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

Material Acquisitions or Disposals and Significant Investments

During the year ended 31 March 2018, the Company did not have any material acquisition or disposals and significant investments.

Final Dividend

The directors do not recommend any final dividend for the year ended 31 March 2018.

Employee Information

As at 31 March 2018, the Group had a total of 74 staff members including Directors (2017: 66). Staff costs including Director's remuneration amounted to approximately HK$46.9 million for the year ended 31 March 2018 (2017: approximately HK$24.9 million). Remuneration is determined based on the individual's qualification, experience, position, job responsibility and market conditions. Salary adjustments and staff promotion are based on evaluation of staff performance by way of annual review, and discretionary bonuses would be paid to staff with reference to the financial performance of the Group of the preceding financial year. Other benefits include contributions to statutory mandatory provident fund scheme to its employees in Hong Kong, and options that were granted or may be granted under the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme of the Company (the "Share Option Scheme"), together with the Pre-IPO Share Option Scheme, (the "Share Option Schemes") both of which were approved by the then sole shareholder on 1 August 2012.

Risk Management

Credit Risk

Credit risk exposure represents trade receivables and loan receivables from customers principally arising from our business activities. The Group has a credit policy in place and the credit risk is monitored on an on-going basis.

In order to minimise the credit risk, management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that appropriate and speedy follow up actions are taken on overdue balances. In this regard, the Board considers that the Group's credit risk is significantly reduced.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long terms.

Foreign currency risk

The Group carries out its business in Hong Kong and worldwide and most of the transactions are denominated in US$ and DKK. The sales and purchases transactions of the Group are exposed to the foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

During the year under review, the Group has certain investments in foreign operations in Denmark, whose net assets are exposed to foreign currency risk. The impact of exchange rate fluctuations on the net assets of the Group's foreign operations is considered to be manageable as such impact will be offset by borrowings denominated in DKK.

MANAGEMENT DISCUSSION AND ANALYSIS

Advances to the Entities

Pursuant to the Rules 13.13 and 13.15 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), a disclosure obligation arises where the relevant advance to the entities from the Group exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As at 31 March 2018, the Group did not have any advances to an entity which falls to be obliged to disclose (2017: HK$10,467,192).

Environmental Policies and Compliance with Relevant Laws and Regulations

The purpose of this report is to communicate management approaches, strategies, priorities and key performances with stakeholders. Please refer to section "Environmental, Social and Governance Reporting" in this annual report.

Key Relationships with Employees, Customers and Suppliers

Please refer to "Major Customers and Suppliers" and "Employees" sections in "Report of the Directors".

Significant Securities Investments

During the year ended 31 March 2018, the Company has not engaged in significant securities investments.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. WONG Chun Chau (黃振宙), aged 61, was appointed as an executive Director on 31 March 2011 and was designated as the Chairman of the Company on 1 August 2012 and a member of the nomination committee of the Company.

Mr. Wong has also been a director of U.K. Fur Limited since 2009, Trade Region Limited since 2011, UKF Finance Limited since 2012, Loyal Speed Limited and UKF (Denmark) A/S since 2013. Mr. Wong has more than 30 years' experience in the field of fur skin trading and management. Mr. Wong graduated with high honour from Clemson University, South Carolina, U.S.A. in 1977 with a Bachelor of Science degree in Chemical Engineering. He also attended a special training course in Copenhagen, Denmark, in 1981 about fur sorting and auction procedure, and acquired in-depth knowledge and skills on sorting raw fur materials, inspection of show-lots and compilation of catalogues, sales procedures and invoicing, etc. He is responsible for formulating and monitoring the Group's overall strategic plan and development.

Mr. Wong was a director of the Hong Kong Fur Federation from 1987 to 2006 and served as a director in its Skin Dealers' Committee from 1993 to 2000 and from 2003 to 2006, Overseas Affairs Committee from 1993 to 2006 and China & Local Promotion Committee from 2001 to 2006 whereas he was the director-in-charge of the Skin Dealers' Committee from 1995 to 1998. Mr. Wong is also currently the vice chairman of the International Fur Brokers Association Ltd.

Ms. KWOK Yin Ning (郭燕寧), aged 62, was appointed as an executive Director on 31 March 2011 and was designated as the Chief Executive Officer of the Company on 1 August 2012. She is also a director of several subsidiaries of the Company. She has been working in the fur industry for more than 30 years and has 20 years of managerial experience. She is responsible for the Group's corporate management and strategic planning.

Ms. Kwok attained a diploma on Management Studies in 1995 which was jointly awarded by the Hong Kong Polytechnic University and the Hong Kong Management Association.

Independent Non-Executive Directors

Ms. MAK Yun Chu (麥潤珠), aged 60, is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, and has over 10 years of experience in accounting and administration. Ms. Mak has been an independent non-executive director of Heng Tai Consumables Group Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") (stock code: 197) since April 2004 and was an independent non-executive director of Wealth Glory Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange from September 2010 to November 2013 (stock code: 8269).

Ms. Mak has been an independent non-executive Director of the Company, the chairperson of the audit committee of the Company and the member of the remuneration committee and nomination committee of the Company since 15 March 2016.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. TANG Tat Chi (鄧達智), aged 63, became an independent non-executive Director on 1 August 2012. He is also the chairman of the nomination committee of the Company and a member of the audit committee and the remuneration committee of the Company. Mr. Tang is the founder and a director of W. Tang Company Limited, a company established in 1984 and engaged in the business of fashion design. Before starting his own company, he had worked as a fashion designer at YGM Apparel Limited from September 1981 to April 1984.

Mr. Tang obtained a Bachelor of Arts degree in 1978 from the University of Guelph, Ontario, Canada. He also served on the Committee on the Promotion of Civic Education, which is a non-statutory committee in Hong Kong tasked with the promotion of civic education outside schools from 2003 to 2005. Mr. Tang has more than 20 years of experience in the field of fashion design.

Mr. HUNG Wai Che (孔偉賜), aged 42, was appointed as independent non-executive Director on 26 August 2016. He has over 14 years of experience in legal field and operating and managing various energy and recycling projects including power station and oil refinery factories in China and Hong Kong. He graduated from the University of Wales, Aberystwyth, United Kingdom with Honours Degree in Law.

Senior Management

Mr. ONG Tiang Lock (王添樂), aged 59, joined the Group in April 2017 as the Chief Operating Officer and was appointed the Company Secretary on 29 March 2018. Mr. Ong is currently a director of various investment holding subsidiaries of the Group. Mr. Ong is a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Association of Certified Chartered Accountants, a Chartered Accountant of the Malaysian Institute of Accountants and a member of Hong Kong Securities and Investment Institute. Mr. Ong holds a Master's degree in Business Administration (with distinction) from the University of Hull. He has more than 30 years of experience in accounting, banking and finance in Hong Kong SAR, China, Singapore, Malaysia and the USA. He is responsible for the Group's Human Resources, Information Technology and day-to-day operations.

Mr. John EGGERT, aged 64, joined the Group in July 2013 as the area general manager of the mink farms and is currently a director of UKF (Denmark) A/S, an indirect wholly-owned subsidiary of the Company. Mr. Eggert holds a degree in Farm Management from Nordic Agricultural University, Denmark. He has more than 40 years of experience in farm management and operations in Denmark, Canada, Egypt, South Africa, China, Romania, Bosnia, Ukraine and Russia. He is responsible for the Group's mink farming management and operation in Denmark.

CORPORATE GOVERNANCE REPORT

The Company endeavours in maintaining a high standard of corporate governance for the enhancement of shareholders' value and providing transparency, accountability and independence. Save as disclosed in this annual report, the Company has fully complied with the required code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "Code") contained in Appendix 14 to the Listing Rules for the year ended 31 March 2018.

Compliance with the Model Code for Securities Transactions by Directors

The Group adopted the code of conduct for securities transactions by Directors ("Securities Dealings Code") on terms no less exacting than that set out in Appendix 10 of the Listing Rules. Upon the Group's specific enquiry, all Directors confirmed that during the year ended 31 March 2018, they had fully complied with the Securities Dealings Code.

Board of Directors

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision making.

The Board comprises two executive Directors and three independent non-executive Directors and is accountable to shareholders. The powers and duties of management and control of the business of the Company are generally vested in its Board. It is the duty of the Board to enhance value of the Company to the shareholders. The composition of the Board and biographies of the Directors are set out on pages 10 to 11 of this annual report.

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

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

Each independent non-executive Director has given the Company an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent and meet the independent guidelines set out in Rule 3.13 of the Listing Rules. Throughout the year ended 31 March 2018, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate professional qualifications on accounting or related financial management expertise. The number of independent non-executive Directors has represented at least one-third of the Board.

Roles of Chairman and Chief Executive Officer

The positions of the Chairman and the Chief Executive Officer are held by Mr. Wong Chun Chau and Ms. Kwok Yin Ning respectively. This ensures a clear distinction between the Chairman's duty to manage the Board and the Chief Executive Officer's duty to oversee the overall internal operation of the Group.

Division of Responsibilities of the Board and Management

The following types of matters are reserved for the Board's approval:

(a) corporate and capital structure;

(b) corporate strategy;

(c) policies (including but not limited to those relating to corporate governance);

(d) business and management;

(e) key financial matters;

(f) appointment of Board members, senior management and auditor;

(g) remuneration of directors and senior management; and

(h) communication with shareholders and the Stock Exchange.

The matters delegated by the Board to the management's decision include:

(a) approval of extension of the Group's activities not in a material manner into a new geographical location or a new business;

(b) approval and assessment of the performance of all business units;

(c) approval of expenses up to a certain limit;

(d) approval of connected transactions not requiring disclosure under the Listing Rules;

(e) approval of the nomination and appointment of personnels other than the members of the Board and senior management;

(f) approval of press release concerning matters decided by the Board;

(g) approval of any matters related to routine matters or day-to-day operation of the Group; and

(h) matters further delegated by the Board from time to time.

Appointment, Re-election and Removal

Under article 84 of the Company's Article of Association, at each annual general meeting, not less than one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election. Any further Directors who have been longest in office since their last re-election or appointment shall also retire by rotation.

Under code provision A.4.1 of the Code, non-executive Directors should be appointed for a specific term, subject to re-election. The term of appointment for each of the independent non-executive Directors appointed by the Company is 3 years, subject to re-election and other requirements under the Company's Articles of Association, the Code and the respective letter of appointments.

Number of Meetings and Directors' Attendance

Regular Board meetings should be held at least four times a year at approximately quarterly intervals for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

During the year ended 31 March 2018, the Board held 4 regular Board meetings and 5 additional meetings. The Company held the annual general meeting on 7 September 2017 for the year ended 31 March 2017. The table below sets out the individual attendance record of each Director at the Board meetings and general meeting during the year:

	Attendance/Number of meetings		
Name of Directors	**Regular Board meetings**	**Additional Board meeting**	**General meetings**
Executive Directors			
Mr. Wong Chun Chau *(Chairman)*	4/4	5/5	1/1
Ms. Kwok Yin Ning	4/4	5/5	1/1
Independent Non-executive Directors			
Ms. Mak Yun Chu	4/4	5/5	1/1
Mr. Hung Wai Che	4/4	5/5	1/1
Mr. Tang Tat Chi	4/4	5/5	0/1

The company secretary attended all the scheduled Board meetings to report matters relating to corporate governance, risk management, statutory compliance, accounting and finance.

Under code provision A.6.7 of the Code, independent non-executive Directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

CORPORATE GOVERNANCE REPORT

Practice and Conduct of Meetings

Code provision A.1.3 stipulates that at least 14 days' notice should be given for a regular Board meeting. For other Board and committee meetings, reasonable notices are generally given.

Schedules, notices and draft agenda of each meeting are normally made available to Directors in advance in accordance with code provision A.1.3.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 day before each Board meeting or audit committee meeting to keep the Directors abreast of the latest developments and financial position of the Group and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the Chairman is ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary and opened for inspection by the Directors.

Article 100 of the Company's Articles of Association requires Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Training and continuing development of Directors

Each Director should participate in continuous professional development to develop and refresh their skills to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is sufficiently aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

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

The Company has also from time to time provided the Directors with continuous update on the latest development regarding the Listing Rules and other regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

All Directors have participated in appropriate continuous professional development and refresh their knowledge and skills during the year. Such professional development was completed either by way of attending briefings, conference, forum, courses and seminars and self-reading which are relevant to the business or directors' duties.

Board Committees

The Board has set up 3 Board committees, namely the audit committee, the remuneration committee and the nomination committee, to oversee particular aspects of the Group's affairs.

The committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expenses.

Audit Committee

The Company established an audit committee (the "Audit Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors. The current members are Ms. Mak Yun Chu (Chairperson), Mr. Tang Tat Chi and Mr. Hung Wai Che.

The Audit Committee is governed by its written terms of reference in compliance with code provision C.3.3 of the Code. Among other things, the primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. During the year, the committee met its responsibilities in reviewing the interim and annual results for the year with the professional accounting firm engaged by the Group, which conducted regular internal audits and report to the committee.

During the year, 2 committee meetings were held with all the then committees members present (i.e., Ms. Mak Yun Chu, Mr. Tang Tat Chi and Mr. Hung Wai Che).

Remuneration Committee

The Company established a remuneration committee (the "Remuneration Committee") on 1 August 2012 which comprises 3 independent non-executive Directors. The current members are Mr. Hung Wai Che (Chairperson), Ms. Mak Yun Chu and Mr. Tang Tat Chi.

The Remuneration Committee is governed by its terms of reference in compliance with code provision B.1.2 of the Code. The primary duties of the Remuneration Committee include the following:

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

(b) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and

(c) evaluating the performance and exercising the delegated power of the Board to determine the remuneration packages of all executive Directors and senior management.

During the year ended 31 March 2018, the Remuneration Committee met once with presence of all the eligible members for the time being (i.e. Mr. Hung Wai Che, Ms. Mak Yun Chu and Mr. Tang Tat Chi) and reviewed, determined and made recommendation (as the case may be) on the remuneration package of Directors of the Group.

Nomination Committee

The Company established a nomination committee (the "Nomination Committee") on 1 August 2012 which comprises all 3 independent non-executive Directors and 1 executive Director. The current members are Mr. Tang Tat Chi (Chairperson), Mr. Hung Wai Che, Ms. Mak Yun Chu and Mr. Wong Chun Chau.

The Nomination Committee is governed by its terms of reference in compliance with code provision A.4.5 of the Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee include:

(a) reviewing the structure, size and diversity of the Board at least annually and making recommendations on any proposed changes to the Board to complement the issuer's corporate strategy;

(b) nominating potential candidates for directorship;

(c) reviewing the nomination of directors and making recommendations to the Board on terms of such appointment; and

(d) assessing the independence of independent non-executive Directors.

The Company has adopted the Board Diversity Policy which sets out its approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. The Company recognises the benefits of Board diversity and endeavours to ensure that the Board has the appropriate balance and level of skills, experience and perspectives required to support the execution of its business strategies. The Company seeks to achieve Board diversity through the consideration of a number of factors, including 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 factors based on its own business model and specific needs from time to time in determining the optimum composition of the Board. The Board has set measurable objectives (in terms of gender, skills and experience) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

The Nomination Committee considers that the current composition of the Board is characterised by diversity after taking into account its own business model and specific needs, whether considered in terms of professional background and skills.

During the year ended 31 March 2018, the Nomination Committee met once with the presence of all members for the time being (i.e. Mr. Tang Tat Chi, Mr. Hung Wai Che, Ms. Mak Yun Chu and Mr. Wong Chun Chau) and (i) reviewed and discussed the structure, size and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group and (ii) recommended on the re-election of the retiring Directors.

Company Secretary

Mr. Lam Chi Tat, who was not an employee of the Company, ceased to be the company secretary of the Company on 29 March 2018. Mr. Ong Tiang Lock, the chief operating officer, was appointed as the company secretary on the same date to replace Mr. Lam. Since then, the Company is in compliance with Code Provision 7.1.1.

During the year ended 31 March 2018, the company secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

Directors and Officers Insurance

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

Directors' and Auditor's Responsibilities in Respect of the Consolidated Financial Statements

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, other inside information announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

The Directors acknowledge their responsibilities for the preparation of the accounts which give a true and fair view of the financial position of the Group and of its financial performance and cash flows for the year ended 31 March 2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The statement by the auditor of the Company regarding its reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 47 to 52.

Auditor's Remuneration

The remuneration paid/payable to the auditor of the Company for the year ended 31 March 2018 is set out as follows:

Services rendered	**Paid/payable** HK$'000
Statutory audit services	827

Internal Controls and Corporate Governance Policies

The Board has overall responsibility for monitoring the internal control system and corporate governance of the Company. The Board has developed its systems of internal control and risk management and is also responsible for reviewing and maintaining an adequate internal control system and developed and reviewed the corporate governance policies at least once a year to safeguard the interests of the shareholders and the assets of the Company and ensure compliance with legal and regulatory requirements by the Group. During the year, the Board has conducted a review of the effectiveness of the internal control system of the Company and reviewed the corporate governance policy documents and terms of reference of Board committees of the Company and the compliance with the legal and regulatory requirements, including the Code.

Internal Audit And Risk Management

During the Financial Year, the Group has complied with code provision C.2 of the Code by establishing appropriate and effective risk management and internal control systems. Management is responsible for the design, implementation and monitoring of such systems, while the Board oversees management in performing its duties on an ongoing basis and an internal audit on the internal control and risk management systems performed on an annual basis. Main features of the risk management and internal control systems are described as follows:

Risk Management System

The Group has adopted a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- Identification: identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- Evaluation: analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- Management: consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted for the financial year, no significant risk was identified.

Communication with Shareholders

The Company endeavours to maintain an on-going dialogue with the shareholders and in particular to communicate with the shareholders through annual general meetings or other general meetings and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group’s business in a timely manner, subject to relevant regulatory requirements.

Shareholders' Rights

Convening an extraordinary general meeting

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

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings (AGM), the Company's financial reports (annual, interim and (if any) quarterly reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to Mr. Wong Chun Chau, the Chairman of the Board at the Company's principal place of business in Hong Kong by post at 902, 9th Floor, Harbour Centre, Tower 2, 8 Hok Cheung Street, Hunghom, Kowloon, Hong Kong or by email to admin@ukf.com.hk. Shareholders may also directly raise questions during the shareholders' meetings.

Putting forward proposals at Shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. The request to put forward a proposal must be made within 30 days from the date of the relevant shareholders' meeting.

Investor Relations

The Company believes that maintaining a high level of transparency is a key to enhance investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and (if any) quarterly reports. The corporate website of the Company (http://www.ukf.com.hk) has provided an effective communication platform to the public and the shareholders.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

APPROACH

UKF Holdings Limited ("UKF" or the "Company") and its subsidiaries (the "Group") are committed to promoting its performance of ethical fur trading and skin brokerage and financing, while integrating sustainability into its business strategy. Various factors, including business related challenges, work ethics, global trends, laws and regulations, etc., are taken into account in order to constantly promote business growth and achieve ethical sustainability.

The Group recognizes its responsibility to be accountable to all its stakeholders, including customers, potential investors and shareholders, employees, suppliers, non-governmental organizations (NGOs) and local community as well as the environmental protectionists. Understanding the needs and expectations of the stakeholders is the key to the Group's success. As each stakeholder requires a different engagement approach, the Group has established a tailor-made communication method, in order to better meet each stakeholder's expectations.

Within the Group, we are continuously monitoring the risks and exploring potential opportunities. For the sake of striking a balance between business needs, social demands and environmental impacts, we are committed to understanding and addressing the ESG risks and their impact on our customers, the communities and the environment.

To implement sustainability strategies to all levels of the Group, the top-down approach is adopted for the following sustainability strategies:

1. To achieve environmental sustainability

2. To respect animal rights and social culture

3. To engage with stakeholders

4. To support our employees

5. To sustain local communities

ABOUT THIS REPORT

UKF Holdings Limited ("UKF") and our subsidiaries are pleased to present our Environmental, Social and Governance ("ESG") Report. The content contained herein focuses on providing an overview of the environmental, social and governance performance of our major operations in Hong Kong and Denmark from 1 April 2017 to 31 March 2018. It allows us to conduct thorough performance review and evaluation for enhancing results in the future. The reporting period is consistent with our financial year.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING

Scope of the Report

This report has been prepared in accordance with the "Environmental, Social and Governance Reporting Guide" in Appendix 27 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The two ESG subject areas, namely Environmental and Social, are disclosed separately, highlighting the impacts of the operations of securities brokerage, mink farming and fur trading operating segments of the Group in Hong Kong and Denmark from 1 April 2017 to 31 March 2018. The Group chose to disclose the above three operating segments based on the materiality principle, which only operating segments accounting for more than 10% of the Group's revenue are included in the report.

For this year, the material ESG issues are those which have or may have a significant impact on:

- The global fur market;
- The environment or society now or in the future;
- Our financial performance or operations; and/or
- Our stakeholders' assessments, decisions and actions.

The data and information used in this report are referenced from our archived documents, records, statistics and research. Financial data is extracted from or calculated based on the Group's audited annual financial statements for the year ended 31 March 2018.

Feedback

For details in relation to our financial performance and corporate governance, please visit our website on www.ukf.com.hk and our Annual Reports. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to us via email.

ABOUT UKF

Our Business

UKF was listed on the Main Board of the Stock Exchange of Hong Kong Limited in 2015 (stock code 1468). The principal operation activities of the Group are mink farming and fur trading, where the mink farmlands are located in Denmark. With the holistic management of fur supply chain and the competitive advantage of selling premium fur, we maintain a leading position in the fur trading market. Since early 2017, the Group has diversified its business to securities brokerage business and has plans to expand to other relevant businesses.

Board of Directors

As at the date of this announcement, the Board consists of:

Executive Directors
Mr. WONG Chun Chau *(Chairman)*
Ms. KWOK Yin Ning *(Chief Executive Officer)*

Independent Non-Executive Directors
Ms. MAK Yun Chu
Mr. HUNG Wai Che
Mr. TANG Tat Chi

OUR STAKEHOLDERS

UKF actively strives to better understand and engage our stakeholders to ensure continuous improvements. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business in the challenging market.

Stakeholders	Possible concerned issues	Communication and responses
HKEx	Compliance of listing rules, timely and accurate announcements.	Meetings, training, roadshows, workshops, programs, website updates and announcements
Government	Compliance of laws and regulations, preventing tax evasion, and social welfare.	Interaction and visits, government inspections, tax returns and other information
Suppliers	Payment schedule, stable demand.	Site visits
Shareholders/ Investors	Corporate governance system, business strategies and performance, investment returns.	Organizing and participating in seminars, interviews, shareholders' meetings, financial reports or operation reports for investors, media and analysts
Media & Public	Corporate governance, environmental protection, human right.	Issue of newsletters on the Company's website
Customers	Product quality, delivery times, reasonable prices, service value, labour protection and work safety.	Site visits, after-sales services
Employees	Rights and benefits, employee compensation, training and development, work hours, working environment.	Conducting union activities, trainings, interviews for employees, issuing employee handbooks, internal memos, employee suggestion boxes
Community	Community environment, employment and community development, social welfare.	Developing community activities, employee voluntary activities and community welfare subsidies and donations.

Section A: Environmental

Protecting the environment is of fundamental importance to the business values of our Group. Our dedicated efforts were proven effective as there was no material issue of non-compliance with relevant laws and regulations related to the environment for the year ended 31 March 2018.

Emissions

Our business is closely related to the environment. Environmental protection and emissions reduction are always the top priority at the Group. The emissions data, which includes both the air emissions and greenhouse gas emissions, is measured for better understanding our environmental impacts and taking meaningful actions in the future.

Air Emissions

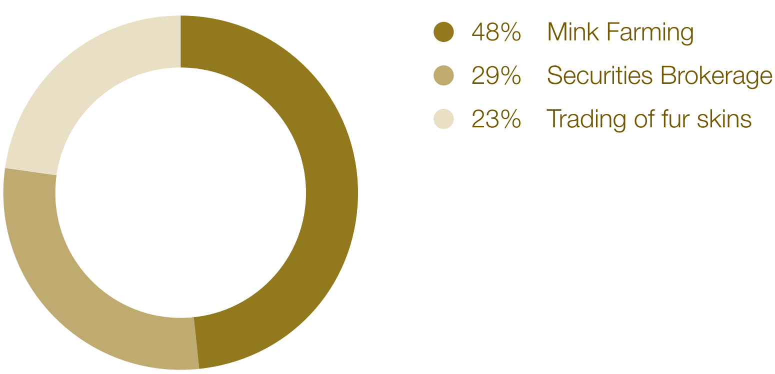
The Group's emissions of air pollutants, which included nitrogen oxides ("NOx"), sulphur oxides ("SOx") and respiratory suspended particles ("RSP"), were mainly generated by usage of feed wagons in the farmland. In measurable terms, our operations produced approximately 282 kg of air emissions in FY2018, an approximately 23% rise from approximately 229 kg of air emissions in FY2017. The increase in air emissions may due to the increasing usage of feed wagons for feeding the livestock. The Group strived to fully utilize the capacity of feed wagons, in order to reduce any unnecessary air emissions in the coming years.

Greenhouse Gas Emissions

Greenhouse gas ("GHG") emissions are the main culprits of global warming. In light of reducing GHG emissions, we embraced in driving green practices in our day-to-day operations. We are committed to environmental conservation, natural resource saving and waste reduction.

During the FY2018, the Group total GHG emissions amounted to approximately 156 tonnes, which approximately 48%, 29% and 23% were attributable to the mink farming, securities brokerage and trading of fur skins respectively. The detail summary of the GHG emissions by scope for FY2018 and FY2017 is shown as below:

Greenhouse Gas Emissions by Operating Segments

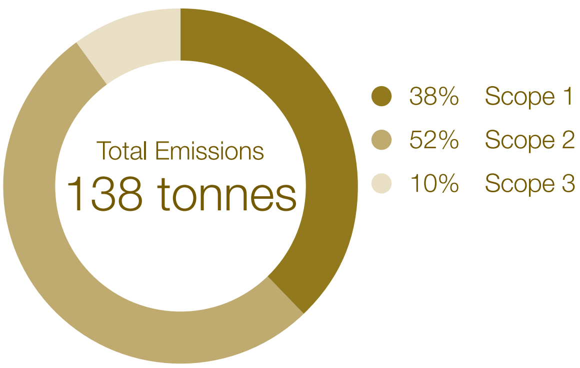


GHG Scope	Unit	FY2018	FY2017
Direct GHG emission (Scope 1) — diesel oil consumption	Tonnes	65	53
Indirect GHG emission (Scope 2) — electricity consumption [1]	Tonnes	78	71
Other indirect GHG emission (Scope 3)			
— water consumption and business travel [2]	Tonnes	13	14
Total GHG emission	**Tonnes**	**156**	**138**

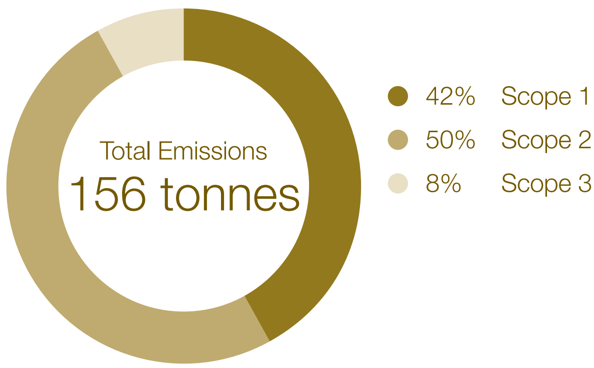
Apart from the increasing usage of feed wagons for feeding the livestock, the growing in the Group's securities brokerage business was also one of the major reasons for the increasing GHG emissions. The Group successfully completed the acquisition of Great Roc Capital Securities Limited ("Great Roc") on 20 January 2017, the operations of the securities brokerage incurred extra electricity consumption for our Group, and thus resulting in higher indirect GHG emissions in Scope 2.

Looking ahead, as the indirect GHG emissions from electricity consumption contributed the largest to our total GHG emissions, the Group will continue to promote electricity saving in our office by introducing energy-saving options, such as appliances with energy efficiency labels and LED lightings. The Group will also implement some measures to remind employees to save energy, such as reminders for switching off any idle electrical appliances, especially after business hours. Despite the effects of our business growth, we are striking to reduce our environmental footprint in the coming years.

Carbon Emissions by Scope
2016/17



Carbon Emissions by Scope
2017/18



[1] 0.63 kg per kWh was taken as the emission factor of electricity supplied in Denmark.

[2] (0.574*0.7 + 0.2716*0.7) kg per cubic meter was taken as the emission factor of water consumption in Denmark.

Waste Management

The business operations of the Group produced no hazardous waste, e.g. chemical wastes, clinical wastes and hazardous chemicals.

On the other hand, the Group promotes reuse and recycles for reducing non-hazardous waste. With decreasing availability of suitable land for landfill and increasing environmental impacts of waste disposal, waste reduction has always been one of the objectives of the Group.

However, due to limitation in collecting data of the wastes, the Group may not be able to disclose the total non-hazardous wastes produced by the Group accurately, or estimate the data. With our efforts in promoting efficiency in operations, paperless office and recycling of wastes, we believe our production of wastes is of immaterial amount. Still, we would continue our waste reduction measures to further reduce wastes in the future.

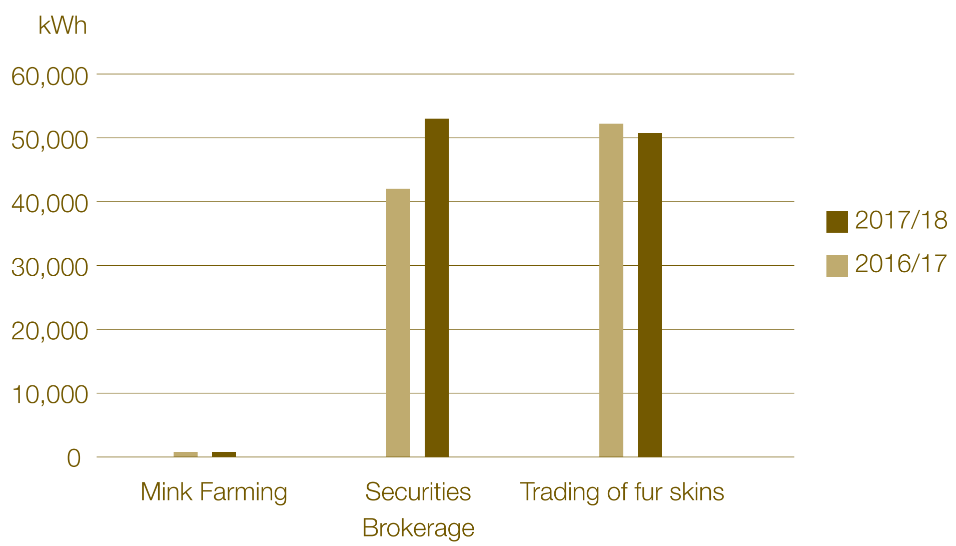
Use of Resources

The Group is committed to becoming a resource-saving and environment-friendly enterprise to promote environmental protection. Reducing, which is one of the 3Rs principles, is promoted and communicated to our employees in the aspect of use of resources.

Energy Consumption

The Group's total energy consumption for FY2018 was approximately 109,731 kWh, increased by approximately 8% when compared with FY2017. The increase was mainly due to the expansion in our securities brokerage business. When considering the electricity consumption per business scope as expressed in the below tables, both our mink farming business and trading of fur skin business were making progress to reduce their electricity consumption. We would continue upgrading our hardware into more energy efficient ones and start posting energy-saving reminders in office, in the hope of continuing the success we achieved this year.

Electricity Consumption by Operating Segments



Water Consumption

Water consumption is essential for our mink farming business. The total water consumption for our mink farming business was 18,181 m^3, which has decreased by 3.97% when compared with FY2017. There was no issue in sourcing water for fitting its purpose in the farmland. As both our securities brokerage business and trading of fur skin operate in leased office premises for which both water supply and discharge are solely controlled by the building management, we may not be able to disclose the water consumption data of these two businesses. Despite that, the water consumption of our securities brokerage business and trading of fur skin is immaterial due to the business nature.

Packaging Materials

Due to the Group's business nature, no material usage of packaging materials were found attributable to our operations.

The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment. Therefore, we have been adopting environmental friendly practice in various aspects. With the Group's determination in minimizing the impacts of our operations on the environment, we have successfully achieved the followings:

Aspects	Achievements
Greenhouse Gas Emissions	Operating segment of fur skins trading reduced GHG emissions by 7%
Energy Consumption	Operating segment of mink farming and fur skins trading reduced annual energy consumption by 3% and 6% respectively
Water Consumption	Operating segment of mink farming reduced water consumption by 4%

With the continued efforts, we strive to achieve excellence in environmental protection. We are confident to further reduce our adverse environmental impact in the coming years.

Section B: Social

Employment and Labour Practices

Workplace

Our success lies in the devotion of our talented and passionate professional teams. Our inclusive culture has shaped our Group as a second home for all employees. It all came down to the happy working environment, competitive package and fringe benefits, which helped to retain and attract employees. Our employee benefit included but not limited to medical insurance and employee insurance. We also abided with the Labour Department and bought insurance that covered all employees in Hong Kong. We also contributed pensions to all the employees in Denmark as stipulated in the relevant regulations.

In order to comply with the Mandatory Provident Fund Schemes Ordinance (Chapter 485) and law by Inland Revenue Department, enrolments were filed to the MPF trustee and Inland Revenue Department on a timely basis. Apart from the benefit that the Group provided to the employees, the Group also encouraged employee to learn and grow together. The Group often offered various learning opportunities for employees, which they could feel free to rotate among the Group and take up position in different operating segments to broaden their horizons. On top of that, employees were eligible for promotion upon satisfactory performance. All the concerted effort added up to the healthy turnover rate.

To construct a healthy organizational structure, effective talent management practices and systemic management approach were of paramount for preventing the organization from becoming a ward for bad hires.

Diversity & Inclusion

We fully comply with labour laws and relevant legislations that prohibited child labour and forced labour. Before joining our Group, candidates were required to present their identification documents to prove they have already reached the legal working age. Forced labour were also prohibited in our Group and in the farmlands. Not only we abided with the regulations, we also monitored our suppliers to ensure that no cases of child labour or forced labour occurred.

Diversity, in age, gender, ethnicity, brings innovative ideas to the Company. We fought to eliminate discrimination on the grounds of sex, marital status, pregnancy, disability, family status and race. Skill set and experience were the most important criterion that we looked into during the hiring process.

Working Hours

To achieve work-life balance, we did not encourage employees to work overtime, in which our normal working hour was usually 40 hours per week, which was less than the average in Hong Kong, 50 hours.

Training and Development

A structured training and development approach ensures that employees receive a consistent training and skills required at work. All employees received on-job training. The Group would bear the fee incurred in attending the approved job-related professional seminars or courses, which the maximum reimbursement would be up to $1,000. And those employees were granted 3 paid study leaves to complete and prepare the examination.

Occupational and Workplace safety

To safeguard the health and safety awareness of our staff, guidance was given on fire precaution to reduce the risk of fire and evacuation in case of emergency. A detailed escape route and layout of the office is posted in the noticeable area to prepare employees for the emergency. Our office was also equipped with adequate fire-fighting equipment in case of fire. The Group also conducted regular fire inspection to prevent blockage of escape route and ensure equipment were in perfect shape. All the above facilities and measures mitigated the risk of hazardous disaster.

In case of emergency, employees could use the first aid box for immediate and temporary medical assistance.

For mink farming, we operated the feed wagon to achieve efficiency. Staff operating the feed wagon could be prone to injuries, therefore, the manager and staff would remind each other about safety management.

In the financial year, we confirm that there were no industrial accident or workplace injuries occurred.

Operating Practices

Supply Chain Management

For the fur trading business, we strictly monitored the work flow of the whole supply chain to ensure there was no non-compliance issue relating to the rules in both Hong Kong and Denmark. We also acknowledged the importance of animal rights and ethical issues, so the Group extended its animal rights commitment to its supply chain by various means.

All our Danish mink farmlands are subject to the annual statutory veterinarian visits by Danish government to identify health and welfare issue on farmlands. During the visits in the financial year, the government organizations confirmed that the farmlands did not violate any of the regulations.

The farmland closely abided with the “Recommendation concerning Fur Animals” proposed by Council of Europe, Human Rights and Legal Affairs.

For the nest box, it was designed to have sufficient floor area for the mink. Straws and water were provided regularly to ensure adequacy especially in winter and infantry stage. A single adult animal would have free area of 2,550 cm^2 while juvenile after weaning up would enjoy the same area of space. The height of the cages was also sufficient to allow the minks to rear on their hind legs.

The cages which kept the minks were all covered with sand, gravel and cinders.

All of the above measures hoped to provide a healthy living environment for the minks.

Apart from the government inspection, the manager and the employees in Denmark farmlands were fully aware of the relevant Danish legislative provisions and the Code of Practice for the Care and Health of Farmed Mink, Fitch and Fox in Europe issued by the European Fur Breeders' Association. And thus, they were responsible for conducting regular check-up on the farmlands twice a year.

Aside from that, the Group also paid special attention on the killing method adopted by the slaughterhouse and the auction house, our close partners. In case, there was any mistreatment or unethical killing method found to be conducted by our partners, we would terminate the partnership immediately.

The Group also confirms that in the financial year, there was no non-compliance issue in regard to "Protection of Endangered Species of Animals and Plants Ordinance (Cap 586) of Hong Kong"

The Denmark farmlands also maintained a list of suppliers, so as to better monitor the performance of each supplier.

For the securities brokerage business, there were no suppliers involved.

Product Responsibility

Aforementioned, all the farmlands have already obtained the relevant permits in mink farming business. We regularly reviewed and updated our quality control standards to comply with the latest laws and regulations. We are glad to announce that, in the financial year, there was no major dispute regarding product quality.

Complaint Channel

We pledge to provide efficient and excellent services and product to maximize customer value. Customer opinions and feedback help us to strive service excellency and drive our continuous improvement. Customers especially those from securities brokerage can feel free to express their opinion through various channels, website, emails and telephone. The Group commits to respond to enquiries in a timely manner and follow up the case. All complaints received will be addressed under reasonable situation.

For the fur trading and mink farming business, during the financial year, we received no complaints. The huge success motivates us to continue to do our best to provide the best service we can.

Protecting customers' data

For the securities business, to comply with all the provisions of the Personal Data (Privacy) Ordinance, only authorized staff would be able to assess customers' data for business development purpose. Employees would be strictly penalized if they violate the above code of conduct. We regularly updated our computer system to avoid any possible hackers' activities. In the Financial Year, we have not received any significant cases of unauthorized use or access of customers' privacy information.

Anti-corruption

Our Group has zero tolerance of corruption and bribery. Accepting or offering gifts were also strictly forbidden. Our code of conduct suggested that employees would be fired under this severe misconduct. Especially in the securities brokerage businesses, know-your-client and anti-money laundering procedures were in place to avoid any possible case. Employees should directly report the case to the Department Head or higher management for any uncertainty.

We confirm that during the financial year, there was no violation against the rules and regulations in all the operating segments.

Whistleblowing policy and Communication channel

Whistleblowing policy was in place to report suspected misconduct of their colleagues, subordinates, senior management or even suppliers. Employees were welcomed to express their concern through face-to-face, email or telephone. Our management would review case by case and take follow up actions to investigate on every single possible misconduct case.

Aside from that, we also encouraged and respected every constructive feedback to enhance the operation of our Group. Meetings were held regularly for every employee to speak out their minds.

Community

We believe the Group can make an impact to improve the livelihood of people and promote the social well-being. In the year to come, the Group will actively participate in social engagement work and contribute.

REPORT OF THE DIRECTORS

The Board is pleased to present their annual report together with the consolidated financial statements of the Company for the year ended 31 March 2018.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 40 to the consolidated financial statements. The Group is principally engaged in the trading of fur skins, fur skins brokerage, mink farming, provision of securities brokerage services, provision of wealth management services and money lending. There is no significant change in the nature of the Group's principal activities during the year.

Segmental Information

The Group's segment information and revenue for the year ended 31 March 2018 are set out in Note 6 to the consolidated financial statements.

Business Review

A review of the business of the Group during the year are provided in the section headed "Business Review" on pages 3 to 4 of this annual report. An analysis of the Group's performance during the year using key financial performance indicators are provided in the section headed "Financial Review" on pages 5 to 7 of this annual report.

Principal Risks and Uncertainties

The Group's business risks are mainly (i) global economic condition that influences the fur skin price and demand of luxurious goods; (ii) currency risks; and (iii) customer's appetite on mink and fur. The plunge in fur skin price, which has brought an adverse impact on all business areas of the Group for the period under review is expected to pose uncertainty on the performance of the Group's fur business. For securities and money lending business, it is subject to the sentiment and conditions of the equity markets in Hong Kong as well as the compliance risk for material non-compliance of the SFO may have significant impact on the continuity of the licence to continue the regulated activities.

Contingent Liabilities

During the year ended 31 March 2018, there were no contingent liabilities noted by the Directors.

Environmental Policies and Performance

The Group has long considered environmental protection and energy conservation as one of its key priorities in order to enhance the sustainable development and undertake relative social responsibility. For details, please refer to the section "Environmental, Social and Governance Reporting" in this annual report.

Compliance with Relevant Laws and Regulations

During the year ended 31 March 2018, the Board was not aware of any non-compliance with the relevant laws and regulations that have a significant impact on the Group.

Relationships with Employees, Customers and Suppliers

The Company understands the importance of maintaining a good relationship with employees, customers and suppliers as they are the foundation of the Group's success.

Employees

The Company strictly complies with all the applicable rules and regulations in relation to employment, to name a few, the Labour Ordinance, Mandatory Provident Fund Ordinance and Personal Data (Privacy) Ordinance, etc. The Group has purchased all necessary insurance and made monthly contributions for its staff and has measures in place endeavoured to protect all staff's personal information. There are channels for staff to express their opinions with regard to their work. Moreover, the Group also strives to provide a safe, healthy and harmonious workplace with fair and equal opportunities for staff of both gender.

Customers

The Group highly values the relationship with its customers (i.e. distributors of mink and fur) and has been emphasising the philosophy of fair dealing. As a result, it has won the loyalty of its customers and established a long-term relationship with them. The Group has, from time to time, sought feedbacks from its customers on the goods and services it provides with a view to improve its service quality continuously.

Suppliers

The Group has also established a long-term relationship and mutual trust with suppliers to ensure the quality and stability of supply of goods. Furthermore, the Company has measure in place for anti-bribery.

Results and Dividends

The results of the Group for the year ended 31 March 2018 and the financial position of the Company and of the Group as at that date are set out in the consolidated financial statements on pages 53 to 133.

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2018 (2017: Nil).

Summary of Financial Information

A summary of the published results and assets and liabilities of the Group for the five financial years ended 31 March 2018, as extracted from the consolidated financial statements in the previous and current annual reports of the Company, is set out on page 134 of this annual report. This summary does not form part of the consolidated financial statements.

Future Prospects and Development

For fur business, many changes have taken place over the last few years in the fur industry and measures have had to undertake to handle these changes while still trying to generate profit. One of which is that present demand of skins only allow the auctions worldwide to sell no more than 80% of their offered quantity, therefore, the Group must keep skin trading to an absolute minimum. This is a vital practice since customers are now allowed to go directly to the auctions to buy the remaining 20% when they are looking for skins.

The Group is continuingly to monitor and cut costs on the mink farming business in the hope that this business will make profit even if the auction prices remain every low.

A recent news that may have a negative impact on our fur business is that a couple of famous designer brands have stated that they will not use fur in their fall and winter collections. We will monitor closely the possible effect on our business but we stand by our industry as we are still optimistic with it since Danish mink farming is still the source for the best mink in the world.

For securities brokerage business, we are confident that it will continue to be the major source of income. In fact, we are poised to develop our business to financially all-rounded by expanding its horizon to also money lending, advising on corporate finance (Type 6 regulated activities under the SFO, and asset management (Type 9 regulated activities under the SFO) businesses.

Reserves

Details of movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 55 and Note 41 to the consolidated financial statements respectively.

Property, Plant and Equipment

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

Share Capital and Share Options

Details of the Company's share capital and share options movements during the year under review, together with reasons for the movements, are set out in Notes 30 and 34 to the consolidated financial statements respectively.

Pre-emptive Rights

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

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Major Customers and Suppliers

The percentages of purchases and sales for the year ended 31 March 2018 attributable to the Group's major suppliers and customers are as follows:

	Approximate % to total revenue for the year ended 31 March 2018
Purchases	
— the largest supplier	38.0%
— the five largest suppliers combined	96.0%
Sales	
— the largest customer	39.6%
— the five largest customers combined	63.2%

None of the Directors, their associates or (to the best knowledge of the Directors) shareholders holding more than 5% of the Company's issued share capital had any beneficial interest in the Group's five largest customers or five largest suppliers.

Charitable Contribution

During the year, the Group made charitable contribution totalling HK$261,000 (2017: HK$704,000).

Directors

The Directors during the year and up to the date of this annual report were:

Executive Directors

Mr. Wong Chun Chau *(Chairman)*
Ms. Kwok Yin Ning *(Chief Executive Officer)*

Independent Non-executive Directors

Ms. Mak Yun Chu
Mr. Hung Wai Che
Mr. Tang Tat Chi

Pursuant to article 84(1) of the Company's Articles of Association and the Corporate Governance Code of the Company, Ms. Kwok Yin Ning and Ms. Mak Yun Chu will retire by rotation at the forthcoming AGM. All of them, being eligible, will offer themselves for re-election at the AGM.

REPORT OF THE DIRECTORS

Directors' Biographies

Biographies details of the Directors of the Group are set out on pages 10 to 11 of this annual report.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company. Each of the independent non-executive Directors has signed an appointment letter with the Company for a period of three years. The appointment of all Directors are subject to (i) the termination pursuant to the terms of their respective service contract or appointment letter and (ii) the rotation, removal, vacation or termination of their offices as Directors or the disqualification to act as Directors as set out in the Company's Articles of Association, the applicable laws and the Listing Rules.

Other than those disclosed above, no Director proposed for re-election at the forthcoming AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Independence Confirmation

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and hence are independent.

Emoluments of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals of the Group during the financial year are set out in Note 10 to the consolidated financial statements.

Pension Schemes

Particulars of the Group's pension schemes are set out in Note 35 to the consolidated financial statements.

Management Contracts

As at 31 March 2018, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of any business of the Company.

Emolument Policy

In order to attract and retain high quality staff and to enable smooth operation within the Group, the Group offered competitive remuneration packages (with reference to market conditions and individual qualifications and experience) and various in-house training courses. The remuneration packages are subject to review on a regular basis.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to the Company's operating results, market competitiveness, individual performance and achievement.

Directors' Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party, and in which a Director or his/her associates had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 March 2018.

Directors' Interests in Competing Business

As far as the Directors are aware of, none of the Directors or the controlling shareholders of the Company has any interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the year ended 31 March 2018.

Connected Transaction

During the year ended 31 March 2018, the Group had the following continuing connected transaction which was disclosed in accordance with the requirements of Chapter 14A of the Listing Rules.

On 15 December 2016, Great Roc Capital Securities Limited ("Great Roc"), the wholly owned subsidiary of the Company, entered into a tenancy agreement with Top Value Limited as landlord ("Top Value") for a term of two years commencing from 1 February 2017 to 30 January 2019. Top Value is wholly-owned by Mr. Yan Kam Cheong ("Mr. Yan"), who is also the sole shareholder of Excel Blaze Limited, a substantial shareholder of the Company interested as to approximately 16.87%. Since Great Roc has become the Company's wholly-owned subsidiary, this tenancy agreement constitutes a continuing connected transaction in accordance with Chapter 14A of the Listing Rules, which is subject to announcement, reporting and annual review but exempt from approval of independent shareholders of the Company.

The annual cap for the two financial years ending 31 March 2018 and 2019 are HK$4,012,000 and HK$3,342,000 respectively.

For details, please refer to the announcement of the Company dated 20 January 2017.

Save as disclosed above, none of the related party transactions as disclosed in Note 36 to the consolidated financial statements for the year ended 31 March 2018 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

The independent non-executive Directors have reviewed and confirmed that all the continuing connected transactions taken place during the year and up to the year ended 31 March 2018 were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing the same on terms that are fair and reasonable and in the interests of the Company's shareholders as whole. Moreover, the Company's auditor has provided an unqualified letter to the Board containing their findings and conclusions in respect of the continuing connected transactions taken place during the year ended 31 March 2018 in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 March 2018, the following Directors or the chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong) ("SFO")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

(A) Interests in the Company — Long position in shares of the Company

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company (Note 2)
Mr. WONG, Chun Chau (Note 1)	Interest of controlled corporation	653,232,000	14.33%
	Beneficial owner	71,539,200	1.57%
Ms. KWOK, Yin Ning	Beneficial owner	39,262,400	0.86%

Note 1: Under the SFO, Mr. Wong is deemed to be interested in 653,232,000 shares which are held by Trader Global Investments Limited ("Trader Global"), a company wholly owned by Mr. Wong.

Note 2: Such percentage was calculated against the number of issued shares of the Company as at 31 March 2018, being 4,556,923,015 shares.

(B) Interests in the Company — Long position in underlying shares or equity derivatives of the Company

Name	Nature of Interest	Share Options	Approximate percentage of shareholding in the Company (Note 1)	Approximate percentage of shareholding in the Company assuming all the options granted under the Share Option Schemes were exercised
Mr. WONG, Chun Chau	Beneficial owner	34,698,240	0.76%	0.75%
Ms. KWOK, Yin Ning	Beneficial owner	22,809,600	0.50%	0.49%

Note 1: Such percentage was calculated against the number of issued shares of the Company as at 31 March 2018, being 4,556,923,015 shares.

Note 2: The exercise price of the share options concerned is HK$0.120.

Save as disclosed above, as at 31 March 2018, neither the Directors nor the chief executives of the Company had interests or short positions in the shares, underlying and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept under section 352 of the SFO; or (iii) had to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2018, the following parties (in addition to the Directors and chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Long position in shares of the Company

Name	Nature of Interest	Name of Shares	Approximate percentage of shareholding in the Company (Note 4)
Trader Global Investments Limited (Note 1)	Beneficial owner	653,232,000	14.33%
Excel Blaze Limited (Note 2)	Beneficial owner	745,740,000	16.36%
Perfect Thinking Global Limited (Note 3)	Beneficial owner	1,454,002,689	31.91%
Zhuo Kun	Beneficial owner	282,480,000	6.20%
Mr. Chen Jiarong	Beneficial owner	7,289,000	0.16%
	Interested of a controlled corporation (Note 3)	1,454,002,689	31.91%

Note:

1 Trader Global Investments Limited ("Trader Global") is wholly and beneficially owned by Mr. Wong Chun Chau ("Mr. Wong"), a director of the Company. Mr. Wong is also the sole director of Trader Global Investments Limited.

2. Excel Blaze Limited is wholly and beneficially owned by Mr. Yan Kam Cheong.

3. Perfect Thinking Global Limited ("Perfect Thinking") is wholly and beneficially owned by Mr. Chen Jiarong and Mr. Chen Jiarong is deemed to be interested in the Shares in which Perfect Thinking is interested. On 12 February 2018, Perfect Thinking (as Purchaser) entered into a conditional sale and purchase agreement (the "Sales and Purchase Agreement") with Trader Global, Mr. Wong and Ms. Kwok Yin Ning (collectively the Vendors) in respect of the sale and purchase a total of 723,033,600 shares of the Company. As at the date of this report, the Sales and Purchase Agreement has not been completed. For details, please refer to "General Offer" in Chairman's Statement.

4. Such percentage was calculated against the number of issued shares of the Company as at 31 March 2018, being 4,556,923,015 shares.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Other than as disclosed under the sections "Share Option Schemes" and "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares or Debentures" above, at no time during the year ended 31 March 2018 was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO, or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate granted to any Director or his/her spouse or children under 18 years or age, or were any such rights exercised by them.

Share Option Schemes

The Company has adopted, on 1 August 2012, two share option schemes, namely the Pre-IPO Share Option Scheme and the Share Option Scheme, for the purpose of providing incentives to eligible employees (including Directors) and any advisers or consultants who contributes to the success of the Group. The Pre-IPO Share Option was terminated on 23 August 2012, being the day immediately preceding the date on which the Company's shares were listed on the Stock Exchange. No further options were and will be granted under the Pre-IPO Share Option Scheme after its termination.

The Directors have estimated the values of the share options granted, calculated by using the binomial option pricing model as at the date of grant of the options. The values of share options calculated are subject to certain fundamental limitations, due to the subjective nature of and uncertainty relating to a number of assumptions of the expected future performance input to the model, and certain inherent limitations of the model itself.

The value of an option varies with different variables of certain subjective assumptions. Any changes to the variables used may materially affect the estimation of the fair value of an option.

The major terms of the Share Option Scheme, in conjunction with the requirements of Chapter 17 of the Listing Rules, are as follows:

1. The participants of the Share Option Scheme are employees and any advisers or consultants who at the sole discretion of the Board has contributed or is expected to contribute to the Group.

2. The purpose of the Share Option Scheme is to recognise and motivate the contribution of the participants and to provide incentives and help the Company in retaining its employees and recruiting additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company.

3. The total number of the shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and all other share option schemes of the Company shall not exceed 10% of the total number of shares in issue as at the date immediately following completion of the placing on 24 August 2012, being 96,000,000 shares. The 10% limit may be refreshed with the approval by ordinary resolution of the shareholders.

   On 18 July 2014, the shareholders at annual general meeting resolved to refresh the 10% limit and the Company may grant further option carrying rights to subscribe for up to a total of 165,177,600 shares and such number of shares, representing approximately 4.22% of total number of issued shares of the Company as at the date of this report, are available for issue under the Share Option Scheme.

4. The maximum number of shares of the Company which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time.

5. No participant shall be granted a share option if the total number of the shares issued and to be issued upon exercise of the options granted to such participant (including exercised and outstanding options) in any 12 months period up to and including the date of grant would exceed 1% of the shares for the time being in issue unless the proposed grant has been approved by the shareholders in general meeting with the proposed grantee and his associates abstaining from voting.

6. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during such period as the Board may in its absolute discretion determine but such period must not exceed ten years from the date of grant of the relevant option.

7. The Share Option Scheme do not specify any minimum holding period but the Board has the authority to determine the minimum period for which an option in respect of some or all of the shares forming the subject of the options must be held before it can be exercised.

8. The acceptance of an offer of the grant of a share option must be made within 20 business days from the date of offer with a non-refundable payment of HK$1.00 from each grantee.

9. The exercise price of any particular share option under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant option but in any case will not be less than the higher of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the trading of securities ("Trading Day"); (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant; and (iii) the nominal value of a share.

10. The Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from 1 August 2012 and will expire on 31 July 2022.

The following table sets out the change of number of share options outstanding under the Pre-IPO Share Option Scheme during the year ended 31 March 2018:

Name or category of participant	Number of shares to be allotted and issued under share options					Date of grant of share options	Exercise price of share options (Note 1) HK$	Exercise period of share options
	As at 1 April 2017	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2018			
Directors								
Mr. WONG Chun Chau	34,698,240	–	–	–	34,698,240	1 August 2012	0.120	Note 2
Ms. KWOK Yin Ning	22,809,600	–	–	–	22,809,600	1 August 2012	0.120	Note 2
Employees	1,058,880	–	–	–	1,058,880	1 August 2012	0.151	Note 3
	58,566,720	–	–	–	58,566,720			

Notes:

1. The number and the exercise price of the share options were adjusted as a result of the issue of one bonus share for every five then existing shares held by qualifying shareholders whose name appeared on the register of members of the Company on 31 July 2015.

2. (i) Half of such share options are exercisable after the expiry of 6 months from the date of grant; (ii) outstanding share options up to all such share options are exercisable after the expiry of 18 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

3. (i) One-third of such share options are exercisable after the expiry of 8 months from the date of grant; (ii) outstanding share options up to two-third of all such share options are exercisable after the expiry of 20 months from the date of grant; and (iii) outstanding share options up to all such share options are exercisable after the expiry of 32 months from the date of grant. In any event, no option can be exercised after the expiry of 120 months from the date of grant.

The following table sets out the change of number of share options outstanding under the Share Option Scheme during the year ended 31 March 2018:

Name or category of participant	Number of shares to be allotted and issued under share options: As at 1 April 2017	Granted during the year	Exercised during the year	Lapsed during the year	As at 31 March 2018	Date of grant of share options	Exercise price of share options HK$	Exercise period of share options
Directors								
Mr. WONG Chun Chau	17,000,000	–	(17,000,000)	–	–	18 August 2015	0.249	Note
Ms. KWOK Ying Ning	24,000,000	–	(24,000,000)	–	–	18 August 2015	0.249	Note
Employees	500,000	–	–	(500,000)	–	18 August 2015	0.249	Note
	41,500,000	–	(41,000,000)	(500,000)	–			

Note: The above share options are exercisable within 24 months after the date of grant.

Related Party Transactions

During the year ended 31 March 2018, the Group entered into certain related party transactions, details of which are set out in Note 36 to the consolidated financial statements of the Group. None of these transactions constitute a discloseable connected transaction in accordance with the Listing Rules except for those disclosed in the section headed "Connected Transaction" in this report.

Corporate Governance

The major corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 12 to 20.

Controlling Shareholders' Non-Competition Undertaking

As disclosed in the section headed "RELATIONSHIP WITH CONTROLLING SHAREHOLDERS — NON-COMPETITION UNDERTAKING" in the Company's prospectus dated 15 August 2012, the controlling shareholders of the Company executed a deed of non-competition on 1 August 2012 (the "Non-Competition Undertaking") in favour of the Company. Each controlling shareholder of the Company is required provide the Company with a written confirmation each year in respect of their compliance with the Non-Competition Undertaking. Such confirmations were and will be considered and acknowledged by the Directors at relevant meetings of the Board. The Directors are of the view that these procedures are adequate to ensure and monitor the controlling shareholders' compliance with the Non-Competition Undertakings.

The Company has received the said written confirmation for the year ended 31 March 2018 from each controlling shareholder and the Directors are of the view that the controlling shareholders have been in compliance with the Non-Competition Undertaking for the year under review.

Permitted Indemnity Provision

Save for the directors and officers liability insurance maintained by the Company in respect of relevant legal actions against the Directors, at no time during the year ended 31 March 2018 and up to the date of this 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).

Fund Raising Activities

Please refer to "Liquidity, Financial Resources and Capital" section in Management Discussion and Analysis.

Events after the Reporting Period

There are no significant events taken place after 31 March 2018 and up to the date of this report.

Sufficiency of Public Float

Throughout the year ended 31 March 2018 and as at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained a sufficient prescribed public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Review of Annual Results by Audit Committee

The Company has established the Audit Committee which comprises all three independent non-executive Directors. The current members are Ms. Mak Yun Chu, Mr. Hung Wai Che and Mr. Tang Tat Chi. The Group's annual results for the year ended 31 March 2018 have been reviewed by the Audit Committee. The Audit Committee is of opinion that the preparation of such financial information complied with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2018 have been audited by HLM CPA Limited who will retire and a resolution to re-appoint HLM CPA Limited as auditor of the Company will be proposed at the AGM.

On behalf of the Board
UKF (Holdings) Limited

Wong Chun Chau
Chairman and Executive Director
15 June 2018

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

Opinion

We have audited the consolidated financial statements of UKF (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 53 to 133, which comprise the consolidated statement of financial position as at 31 March 2018, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matters *(Continued)*

Valuation of biological assets
(refer to Note 18 to the consolidated financial statements)

Biological assets are held at fair value less costs to sell determined based on net present value of cash flow arising in the production of mink.

We identified the valuation of biological assets as a key audit matter due to the complexity of the valuation process involving significant degree of judgements and estimates by the management regarding various inputs. These inputs include the discount rate, birth rate, feeding cost and overhead. We identified this as a risk due to the inherent uncertainty around the estimates.

Our response

Our main procedures in relation to the valuation of biological assets included:

i. Assessing the independence and competence of the independent external valuer appointed by the Group.

ii. Assessing the accuracy and relevance of the input data provided by management to the independent external valuer by challenging and corroborating market data and information on similar transactions from independent sources.

iii. Evaluating the appropriateness of methodology and assumptions used by the independent external valuer.

iv. Testing the mathematical accuracy of the underlying valuation.

v. Evaluating the reasonableness of market price of fur skins, by tracing the market value of fur skins to the auction data.

vi. Assessing whether the relevant disclosures in the consolidation financial statements are sufficient and appropriate.

vii. Evaluating the sensitivity analysis on changes in material inputs used in valuation.

Based on our procedures performed, we found that estimations by management in relation to the valuation of biological assets was supported by available evidence.

Impairment assessment of goodwill
(refer to Note 15 to the consolidated financial statements)

The Group has, in aggregate, goodwill of approximately HK$127 million relating to the cash-generating units in securities brokerage and wealth management segments as at 31 March 2018.

Management had made an assessment of the recoverable amount of the cash-generating units in securities brokerage and wealth management segments with reference to independent external valuations conducted at the end of the reporting period and concluded that no impairment was required. The assessment of the recoverable amount involved significant management judgements on the key assumptions and assertions used in cash flow projections prepared based on financial forecasts covering a 3- to 5-year period, and significant estimates with respect to future revenue growth, discount rate and other relevant factors.

Key Audit Matters *(Continued)*

Our response

Our main procedures in relation to the impairment assessment of goodwill included:

i. Assessing the independence, competence and objectivity of the independent external valuer appointed by the Group.

ii. Assessing the reasonableness of the underlying key assumptions and data used in the cash flow forecast (including revenue growth rate, operating results, discount rate, terminal growth rate based on our knowledge of the business and industry).

iii. Evaluating the appropriateness of methodology and assumptions used by the independent external valuer.

iv. Testing the mathematical accuracy of the underlying valuation.

Based on our procedures described, we found that estimations by management in relation to impairment assessment of goodwill was reasonable.

Impairment assessment of trade receivables
(refer to Note 20 to the consolidated financial statements)

Impairment allowances are estimated by management once objective evidence of impairment becomes apparent. Management exercises judgements in determining the quantum of loss based on a range of factors, which include available remedies for recovery, the financial situation of the borrower and the valuation of collaterals held. We identified impairment of trade receivables as a key audit matter because of the inherent uncertainty and management judgements involved in determining impairment allowances and because of its significance to the financial results and capital of the Group.

Our response

Our main procedures in relation to the impairment assessment of trade receivables included:

— Verifying the balances of trade receivables by requesting and receiving confirmations on a sample basis.

— Assessing, on a sample basis, the valuation of collateral held for trade receivables due from margin clients as recorded in the client statements by comparing with publicly available market prices.

— Assessing, on a sample basis, the recoverability of the outstanding receivables through our discussion with management and with reference to credit profiles of the customers, available data, information and the latest correspondence with customers and checking subsequent settlements.

We found the estimation and judgements made by the management in respect of the impairment assessment of trade receivables to be reasonable.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

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

HLM CPA Limited
Certified Public Accountants

Chan Lap Chi
Practising Certificate Number: P04084

Hong Kong, 15 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
Revenue	5 & 6	**200,268,358**	129,988,916
Cost of sales		**(122,718,837)**	(119,904,002)
Gross profit		**77,549,521**	10,084,914
Other income	7	**36,614,244**	739,646
Write back of inventories to net realisable value, net		**–**	432,664
Impairment of goodwill	15	**–**	(37,857,253)
Change in fair value less costs to sell of biological assets	18	**12,339,159**	39,514,830
Administrative expenses		**(115,534,293)**	(110,051,012)
Finance costs	8	**(11,511,953)**	(5,872,731)
Loss before tax	9	**(543,322)**	(103,008,942)
Income tax expense	11	**(7,366,169)**	(1,362,764)
Loss for the year		**(7,909,491)**	(104,371,706)
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas operations		**(9,659,672)**	2,214,865
Change in fair value of available-for-sale investment		**345,778**	357,494
Total other comprehensive (expense) income for the year, net of tax		**(9,313,894)**	2,572,359
Total comprehensive expense for the year		**(17,223,385)**	(101,799,347)
Loss for the year attributable to:			
Owners of the Company		**(6,710,390)**	(104,371,706)
Non-controlling interests		**(1,199,101)**	—
		(7,909,491)	(104,371,706)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(16,024,284)**	(101,799,347)
Non-controlling interests		**(1,199,101)**	—
		(17,223,385)	(101,799,347)
Loss per share	13		
Basic		**(0.15) cents**	(3.29) cents
Diluted		**(0.15) cents**	(3.29) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$	2017 HK$
Non-current assets			
Property, plant and equipment	14	**128,127,426**	123,520,966
Goodwill	15	**127,350,323**	125,926,167
Intangible assets	16	**500,000**	500,000
Available-for-sale investment	17	**11,206,383**	10,860,605
Deposits	20	**2,335,184**	1,519,464
		269,519,316	262,327,202
Current assets			
Biological assets	18	**23,471,632**	32,570,784
Inventories	19	**45,799,310**	59,885,918
Trade and other receivables	20	**427,626,274**	264,334,383
Loan receivables	21	**3,500,000**	5,922,036
Tax recoverable		**501,120**	1,657,494
Bank balances held on behalf of clients	22	**91,568,658**	85,007,587
Bank balances and cash	23	**100,440,213**	128,725,579
		692,907,207	578,103,781
Current liabilities			
Trade and other payables	24	**124,376,252**	104,819,571
Tax payables		**10,849,341**	5,988,669
Bank borrowings	25	**168,999,904**	168,155,950
Obligations under finance leases	26	**374,547**	276,661
		304,600,044	279,240,851
Net current assets		**388,307,163**	298,862,930
Total assets less current liabilities		**657,826,479**	561,190,132
Non-current liabilities			
Obligations under finance leases	26	**289,753**	382,319
Corporate bond	27	**10,000,000**	10,000,000
Promissory note	28	**99,244,183**	123,831,499
		109,533,936	134,213,818
Net assets		**548,292,543**	426,976,314
Capital and reserves			
Share capital	30	**45,569,230**	39,110,340
Reserves		**502,247,821**	387,865,974
Equity attributable to the owners of the Company		**547,817,051**	426,976,314
Non-controlling interests		**475,492**	—
Total equity		**548,292,543**	426,976,314

The consolidated financial statements on pages 53 to 133 were approved and authorised for issue by the Board of Directors on 15 June 2018 and are signed on its behalf by:

WONG CHUN CHAU
DIRECTOR

KWOK YIN NING
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to the owners of the Company										
	Share capital HK$	Share premium HK$	Merger reserve HK$	Share option reserve HK$	Warrant reserve HK$	Investments revaluation reserve HK$	Translation reserve HK$	Retained profit (accumulated losses) HK$	Sub- total HK$	Attributable to non-controlling interests HK$	Total HK$
At 1 April 2016	28,350,744	252,642,555	(7,122,000)	6,963,342	624,713	(1,366,326)	486,741	5,545,860	286,125,629	–	286,125,629
Loss for the year	–	–	–	–	–	–	–	(104,371,706)	(104,371,706)	–	(104,371,706)
Other comprehensive income for the year											
Exchange difference on translation of overseas operations	–	–	–	–	–	–	2,214,865	–	2,214,865	–	2,214,865
Change in fair value of available-for-sale investment	–	–	–	–	–	357,494	–	–	357,494	–	357,494
Total comprehensive (expense) income for the year	–	–	–	–	–	357,494	2,214,865	(104,371,706)	(101,799,347)	–	(101,799,347)
Exercise of share options	399,648	8,114,313	–	(1,657,565)	–	–	–	–	6,856,396	–	6,856,396
Issue of shares upon exercise of warrants	1,659,948	25,855,906	–	–	(624,693)	–	–	–	26,891,161	–	26,891,161
Warrants lapsed	–	–	–	–	(20)	–	–	20	–	–	–
Issue of shares by placing	2,100,000	35,511,000	–	–	–	–	–	–	37,611,000	–	37,611,000
Issue of Consideration Shares	6,600,000	164,691,475	–	–	–	–	–	–	171,291,475	–	171,291,475
At 31 March 2017 and 1 April 2017	39,110,340	486,815,249	(7,122,000)	5,305,777	–	(1,008,832)	2,701,606	(98,825,826)	426,976,314	–	426,976,314
Loss for the year	–	–	–	–	–	–	–	(6,710,390)	(6,710,390)	(1,199,101)	(7,909,491)
Other comprehensive (expense) income for the year											
Exchange difference on translation of overseas operations	–	–	–	–	–	–	(9,659,672)	–	(9,659,672)	–	(9,659,672)
Change in fair value of available-for-sale investment	–	–	–	–	–	345,778	–	–	345,778	–	345,778
Total comprehensive (expense) income for the year	–	–	–	–	–	345,778	(9,659,672)	(6,710,390)	(16,024,284)	(1,199,101)	(17,223,385)
Acquisition of a subsidiary (Note 31)	–	–	–	–	–	–	–	–	–	101,693	101,693
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	–	1,572,900	1,572,900
Exercise of share options	410,000	12,123,075	–	(2,324,075)	–	–	–	–	10,209,000	–	10,209,000
Issue of shares by placing	6,048,890	120,607,131	–	–	–	–	–	–	126,656,021	–	126,656,021
Share options lapsed	–	–	–	(31,535)	–	–	–	31,535	–	–	–
At 31 March 2018	45,569,230	619,545,455	(7,122,000)	2,950,167	–	(663,054)	(6,958,066)	(105,504,681)	547,817,051	475,492	548,292,543

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
Operating activities			
Loss before tax		**(543,322)**	(103,008,942)
Adjustments for:			
Depreciation	14	**16,464,446**	13,115,931
Loss on disposal of property, plant and equipment, net	9	**–**	1,454,797
Interest expenses	8	**11,511,953**	5,872,731
Write back of inventories to net realisable value, net	9	**–**	(432,664)
Impairment of goodwill	15	**–**	37,857,253
Loss on early redemption of promissory note		**5,158,029**	–
(Write back of) allowance for bad and doubtful debts	9	**(718,023)**	5,752,805
Bad debts	9	**3,040,805**	28,196,082
Bank interest income	7	**(54,761)**	(5,288)
Adjustment for amortisation of prepaid premium		**108,232**	108,232
Change in fair value less costs to sell of biological assets	18	**(12,339,159)**	(39,514,830)
Write off of other receivables		**–**	182,736
Write off of property, plant and equipment	14	**108,750**	–
Operating cash flows before movements in working capital		**22,736,950**	(50,421,157)
Increase in biological assets		**(32,994,819)**	(32,780,157)
Decrease in inventories		**80,490,035**	59,914,677
(Increase) decrease in trade and other receivables		**(161,850,127)**	31,428,817
(Increase) decrease in deposits		**(815,720)**	1,113,135
(Increase) decrease in loan receivables		**(618,769)**	68,000,820
Increase in bank balances held on behalf of clients		**(6,561,071)**	(37,227,952)
Increase in trade and other payables		**18,463,068**	902,520
Cash (used in) generated from operating activities		**(81,150,453)**	40,930,703
Interest paid		**(362,212)**	(1,051)
Hong Kong Profits Tax paid, net		**(1,327,529)**	(406,791)
Net cash (used in) generated from operating activities		**(82,840,194)**	40,522,861
Investing activities			
Bank interest received	7	**54,761**	5,288
Purchase of property, plant and equipment	14	**(2,844,047)**	(7,583,758)
Proceeds from disposal of property, plant and equipment		**–**	125,898
Net cash (outflow) inflow from acquisition of a subsidiary	31	**(1,258,568)**	23,207,499
Net cash (used in) generated from investing activities		**(4,047,854)**	15,754,927

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 HK$	2017 HK$
Financing activities			
Partial redemption of promissory note	42	**(36,700,000)**	—
New bank borrowings	42	**437,135,159**	140,304,362
Repayments of bank borrowings	42	**(444,120,983)**	(210,827,482)
Proceeds from issue of shares upon exercise of share options	30	**10,209,000**	6,856,396
Proceeds from issue of shares upon exercise of warrants		**—**	26,891,161
Net proceeds from placing of shares	30	**126,656,021**	37,611,000
Issuance expense for Consideration Shares		**—**	(308,525)
Inception of obligations under finance leases	42	**255,129**	—
Repayment of obligations under finance leases	42	**(351,361)**	(284,706)
Interest paid	42	**(4,183,324)**	(3,627,502)
Capital injection from non-controlling interests		**1,572,900**	—
Net cash generated from (used in) financing activities		**90,472,541**	(3,385,296)
Net increase in cash and cash equivalents		**3,584,493**	52,892,492
Cash and cash equivalents at beginning of the year		**128,725,579**	66,138,753
Effect of foreign exchange rate changes, net		**(31,869,859)**	9,694,334
Cash and cash equivalents at the end of the year		**100,440,213**	128,725,579
Cash and cash equivalents, represented by			
Bank balances and cash		**100,440,213**	128,725,579

1. General

UKF (Holdings) Limited (the "Company") is a public limited company incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 20 March 2015. The address of the registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business is 902, Harbour Centre, Tower 2, 8 Hok Cheung Street, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are trading of fur skins, mink farming in Denmark, fur skins brokerage, provision of securities brokerage services, provision of wealth management service and money lending.

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

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

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

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle relating to Amendments to HKFRS 12 Disclosure of Interests in Other Entities

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

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

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

Amendments to HKASs and HKFRSs that are mandatorily effective for the current year *(Continued)*

Amendments to HKAS 7 Disclosure Initiative *(Continued)*

A reconciliation between the opening and closing balances of these items is provided in Note 42. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in Note 42, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) — Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2014-2016 Cycle except Amendments to HKFRS 12[1]
Amendments to HKFRSs	Annual Improvement to HKFRSs 2015-2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
[2] Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted
[3] Effective for annual periods beginning on or after 1 January 2021, with earlier application permitted
[4] Effective for annual periods beginning on or after a date to be determined

The Group is assessing the full impact of these new and amendments to HKASs and HKFRSs. According to management's preliminary assessment, other than the impact of HKFRS 9, 15 and 16 stated below, none of these is expected to have a significant effect on the consolidated financial statements of the Group.

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

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

HKFRS 9 Financial Instruments

The Group's guaranteed investment currently classified as available-for-sale ("AFS") financial assets and measured at fair value with change recognised in other comprehensive income will be reclassified to financial assets at fair value through profit or loss ("FVTPL") under HKFRS 9. Related fair value loss of HK$663,054 will have to be transferred from investments revaluation reserve to accumulated losses on 1 April 2018.

Other financial assets will continue to be measured on the same bases as are currently measured under HKAS 39.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts.

Based on the assessments undertaken to date, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would be increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade receivables from securities brokerage segment. Such further impairment recognised under the expected credit loss model would increase the opening accumulated losses as at 1 April 2018.

HKFRS 15 Revenue from Contracts with Customers

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of goods or services is transferred to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management has assessed the effects of applying the new standard on the Group's consolidated financial statements and does not anticipate the application of HKFRS 15 to have a material impact on the timing and amounts of revenue recognised in the respective reporting periods. However, the application of HKFRS 15 may result in more disclosure in the consolidated financial statements of the Group.

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

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

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.

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, 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.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$10,328,178 as disclosed in Note 33. 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 upon the application of HKFRS 16. In addition, the Group is also considering the treatment of the refundable rental deposits paid under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

3. Significant Accounting Policies

Statement of compliance

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

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain available-for-sale investment and biological assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

The principal accounting policies are set out below.

3. Significant Accounting Policies *(Continued)*

Basis of consolidation

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, if any. 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.

3. Significant Accounting Policies *(Continued)*

Business combinations

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation 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.

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

3. Significant Accounting Policies *(Continued)*

Business combinations *(Continued)*

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 to fair value at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), 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.

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

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, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. 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 on a pro-rata basis 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 amount of profit or loss on disposal.

3. Significant Accounting Policies *(Continued)*

Interests in subsidiaries

Interests in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Service income is recognised when services are provided.

Management fee income is recognised where services are rendered.

Commission income for securities brokerage business, net of commission income waived for certain customers, is recognised as income on a trade-date basis.

Underwriting, sub-underwriting, placing and sub-placing commissions are recognised as income in accordance with the terms of the underlying agreement or deal mandate when the relevant significant act has been completed.

Interest income from clients, net of interest income waived for certain customers, is recognised on a time-proportion basis, by reference to the principal amounts outstanding and the effective interest rates applicable.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3. 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 lessee

Assets held under finance leases are 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.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3. Significant Accounting Policies *(Continued)*

Biological assets

Biological assets comprise minks.

Minks are measured at fair value less costs to sell, based on average market price at auction of skins less incremental costs. Costs to sell include the incremental selling costs, auctioneers' fees and pelting fees paid to skinners.

Changes in fair value of minks are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings and freehold land held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful life, using the straight-line method, at the following rates per annum:

Buildings	2-5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5-20%
Office equipment	20%-33%
Motor vehicle	20%
Freehold land	0%

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

Buildings under development for future owner-occupied purpose

Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

3. Significant Accounting Policies *(Continued)*

Intangible assets

Intangible assets represent the rights to trade on the Stock Exchange (the "trading rights"). The trading rights have indefinite useful life and are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment below).

Impairment of tangible and intangible assets other than goodwill

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

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 they may be impaired.

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

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

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

Borrowing costs

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

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

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

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items 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.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for 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 in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

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

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), 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 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 disposals of associates or joint arrangements 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.

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

3. Significant Accounting Policies *(Continued)*

Taxation

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

Current tax

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

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax for the year

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

3. Significant Accounting Policies *(Continued)*

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, bank deposits having been within three months of maturity at acquisition, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit scheme are recognised as an expense when employees have rendered services entitling them to the contribution.

Short-term employee benefits

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

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

Share-based payment arrangements

Equity-settled share-based payment transactions

Share options granted to employees

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

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

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

3. Significant Accounting Policies *(Continued)*

Share-based payment arrangements *(Continued)*

Equity-settled share-based payment transactions *(Continued)*

Share options granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

Financial instruments

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

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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade day 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.

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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

AFS 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. The Group designated guaranteed return investment as AFS financial assets on initial recognition.

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 (see the accounting policy in respect of impairment loss on financial assets below).

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 (see the accounting policy in respect of impairment loss on financial assets below).

Loans and receivables

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

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

Impairment of financial assets

Financial assets 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 financial assets 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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(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
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables and loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 120 days (trade receivables for trading of fur skins), 180 days (loan receivables from fur brokerage business) or 1 year (loan receivables from money lending business), and observable changes in national or local economic conditions that correlate with default on receivables.

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

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 (see the accounting policy below).

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

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.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

In respect of AFS equity investments, 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 investments, 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 a group entity are recognised at the proceeds received, net of direct issue costs.

Other financial liabilities

Other financial liabilities (including bank borrowings, trade and other payables, promissory note, corporate bond and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derecognition

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

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

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), 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 have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Further details on financial risk management of financial assets and liabilities are disclosed in Note 39.

Provisions

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

The amount recognised as a provision, including those arising from the contractual obligation specified in the service concession arrangement to maintain or restore the infrastructure before it is handed over to the grantor, is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect 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.

3. Significant Accounting Policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

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

1. has control or joint control over the Group;

2. has significant influence over the Group; or

3. is a member of the key management personnel of the Group or the Group's parent.

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

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

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

3. both entities are joint ventures of the same third party;

4. one entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa;

5. the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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

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

8. the entity, or any member of a group of which it 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 and include:

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

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

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

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

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

Key sources of estimation uncertainty

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

Impairment of goodwill

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

The carrying amount of goodwill as at 31 March 2018 was HK$127,350,323 (2017: HK$125,926,167). Details of the recoverable amount calculation are set out in Note 15.

Useful lives and impairment of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the Group's experience over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property, plant and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining useful lives.

Estimation on net realisable value of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Fair value of other financial instruments

The directors use their judgements in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied.

Fair values of biological assets

The biological assets are valued at fair value less costs to sell. The fair value is determined based on either the market-determined prices as at the end of the reporting periods adjusted with reference to the species, ages, growing conditions and costs incurred to reflect differences in characteristic and/or stages of growth of biological assets. Any change in the estimates may affect the fair value of biological assets significantly.

The valuer and management review the assumptions and estimates periodically to identify any significant changes in the fair value of biological assets. Details of the assumptions used are disclosed in Note 18.

Impairment of trade receivables and loan receivables

The impairment of trade and loans receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. A considerable amount of estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 31 March 2018, the carrying amounts of trade receivables and loan receivables are HK$414,266,164 (2017: HK$256,820,584) and HK$3,500,000 (2017: HK$5,922,036) respectively.

Income taxes

The Group is subject to income taxes in Hong Kong and Denmark. Significant judgements are required in determining the provision for income taxes and the timing of payment of the related tax. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such determination is made.

As at 31 March 2018, a deferred tax asset of HK$5,533,574 (2017: HK$8,467,908) in relation to unused tax losses has been recognised in the Group's consolidated statement of financial position. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

5. Revenue

During the year, the Group's revenue representing the amount received and receivable from its operating businesses, net of discount, are as follows:

	2018 HK$	2017 HK$
Trading of fur skins	**48,382,811**	52,380,453
Mink farming	**69,318,610**	65,049,584
Fur skins brokerage	**1,180,582**	5,693,695
Commission income from		
— securities brokerage	**19,641,947**	1,186,946
— underwriting and placing	**20,497,004**	2,245,276
Interest income from securities clients	**40,962,755**	3,432,962
Other loss arising from error trades	**(19,324)**	—
Others	**303,973**	—
	200,268,358	129,988,916

6. Segment Information

Information reported to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

Securities brokerage	—	Operation of securities brokerage, margin financing, underwriting and placing services
Trading of fur skins	—	Trading of fur skins of foxes and minks
Fur skins brokerage	—	Provision of fur brokerage and financing services
Mink farming	—	Provision of breeding, farming and sale of livestocks and pelted skins
All other segments	—	Money lending and provision of wealth management services

6. Segment Information *(Continued)*

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

For the year ended 31 March 2018

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	All other segments HK$	Total HK$
Revenue	81,082,382	48,382,811	1,180,582	69,318,610	303,973	200,268,358
RESULTS						
Segment results	81,082,382	2,164,367	1,180,582	(7,181,783)	303,973	77,549,521
Other income	2,126,084	29,882	184,040	34,274,238	–	36,614,244
Change in fair value less costs to sell of biological assets	–	–	–	12,339,159	–	12,339,159
Write back of bad and doubtful debts	718,023	–	–	–	–	718,023
Bad debts	–	–	(3,040,805)	–	–	(3,040,805)
Operating expenses	(37,824,751)	(3,409,700)	(1,565,744)	(43,198,531)	(2,936,323)	(88,935,049)
Unallocated corporate expenses						(24,276,462)
Finance costs						(11,511,953)
Loss before tax						(543,322)
Income tax expense						(7,366,169)
Loss for the year						(7,909,491)

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	All other segments HK$	Total HK$
ASSETS						
Segment assets	597,161,510	30,062,765	209,234	200,456,278	6,665,889	834,555,676
Unallocated corporate assets						127,870,847
Total assets						962,426,523
LIABILITIES						
Segment liabilities	201,903,251	4,165,331	–	64,994,548	–	271,063,130
Unallocated corporate liabilities						143,070,850
						414,133,980

Other information

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	All other segments HK$	Total HK$
Additions of property, plant and equipment	542,475	–	–	530,742	1,741,733	2,814,950
Write off of property, plant and equipment	–	108,750	–	–	–	108,750
Depreciation	2,579,388	640,022	–	13,243,776	–	16,463,186

6. Segment Information *(Continued)*

For the year ended 31 March 2017

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Revenue	6,865,184	52,380,453	5,693,695	65,049,584	129,988,916
RESULTS					
Segment results	6,865,184	5,195,689	5,693,695	(7,669,654)	10,084,914
Other income	116,234	251,209	269,690	102,513	739,646
Write back of inventories to net realisable value, net	—	432,664	—	—	432,664
Impairment of goodwill	—	—	(37,857,253)	—	(37,857,253)
Change in fair value less costs to sell of biological assets	—	—	—	39,514,830	39,514,830
Allowance for bad and doubtful debts	(825,732)	—	(4,927,073)	—	(5,752,805)
Bad debts	—	—	(28,196,082)	—	(28,196,082)
Operating expenses	(5,446,293)	(4,407,639)	(4,285,200)	(53,378,643)	(67,517,775)
Unallocated corporate expenses					(8,584,350)
Finance costs					(5,872,731)
Loss before tax					(103,008,942)
Income tax expense					(1,362,764)
Loss for the year					(104,371,706)

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
ASSETS					
Segment assets	446,607,478	38,196,818	5,971,949	199,111,917	689,888,162
Unallocated corporate assets					150,542,821
Total assets					840,430,983
LIABILITIES					
Segment liabilities	186,643,219	31,120,261	—	45,123,493	262,886,973
Unallocated corporate liabilities					150,567,696
Total liabilities					413,454,669

Other information

	Securities brokerage HK$	Trading of fur skins HK$	Fur skins brokerage HK$	Mink farming HK$	Total HK$
Additions of property, plant and equipment	5,183,523	—	—	2,400,235	7,583,758
Depreciation	424,857	669,688	2,589	12,018,797	13,115,931
(Gain)/loss on disposal of property, plant and equipment	1,548,134	—	1,628	(94,965)	1,454,797

6. Segment Information *(Continued)*

Segment results represent the result from each segment without allocation of central administration costs including directors' salaries, finance costs, and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

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

- all assets other than prepayments and deposits, available-for-sale investment, bank balances and cash, tax recoverable and deferred tax asset are allocated to reportable segments. Goodwill is allocated to segments of wealth management and securities brokerage. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segment; and

- all liabilities are allocated to reportable segments other than accrued expenses and other payable, obligations under finance leases, corporate bond, tax payables, promissory note and deferred tax liability. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Geographical information

The Group's revenue from external customers by geographical markets are detailed below:

	2018	2017
	HK$	HK$
The People's Republic of China (the "PRC")	**38,971,184**	56,791,184
Europe	**79,381,271**	65,049,584
Hong Kong	**81,915,903**	8,148,148
	200,268,358	129,988,916

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment analysed by the geographical areas in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2018	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$
Hong Kong	**761,970,245**	638,667,320	**2,313,305**	5,183,523
Denmark	**200,456,278**	201,763,663	**530,742**	2,400,235
	962,426,523	840,430,983	**2,844,047**	7,583,758

6. Segment Information *(Continued)*

Information about major customers

For the year ended 31 March 2018, included in revenue arising from trading of fur skins and mink farming of approximately HK$117,701,421 (2017: HK$117,430,037) are revenue of approximately HK$79,381,000 (2017: HK$104,889,000) generated from sales to the Group's largest (2017: top three) customer. Total amount of revenue from these customers for the two financial years ended 31 March 2018 and 2017 are as follows:

	2018 HK$	2017 HK$
Customer A (Segment: Trading of fur skins)	—*	20,506,000
Customer B (Segment: Trading of fur skins)	—*	19,333,000
Customer C (Segment: Trading of fur skins & mink farming)	79,381,000	65,050,000
	79,381,000	104,889,000

* These customers contributed less than 10% to the Group's revenue for the year ended 31 March 2018.

No other single customer contributed 10% or more to the Group's revenue for both years ended 31 March 2018 and 2017.

7. Other Income

	2018 HK$	2017 HK$
Bank interest income	54,761	5,288
Bonus and commission rebate	146,390	300,032
Consultant fee income	1,115,000	—
Net foreign exchange gain	31,796,015	—
Surplus distribution from Kopenhagen Fur	2,341,711	64,844
Net over-provision of auction interest (Note a)	—	113,882
Handling fee income	672,328	59,845
Others	488,039	195,755
	36,614,244	739,646

Note a: Auction interest is the auction prompt interest paid to auction houses for the overdue payment.

8. Finance Costs

	2018 HK$	2017 HK$
Interest on:		
— Bank loans	**3,633,630**	3,678,655
— Overdraft	**1,017**	60
— Finance leases	**10,439**	7,466
— Corporate bond	**550,000**	550,000
— Auction interest (Note a)	**232,582**	—
— Promissory note (imputed)	**6,954,655**	1,635,499
— Cash clients' accounts	**3.189**	492
— Margin clients' accounts	**9,505**	559
— Brokers	**116,936**	—
	11,511,953	5,872,731

Note a: Auction interest is the auction prompt interest paid to auction houses for the overdue payment.

9. Loss Before Tax

Loss before tax has been arrived at after charging (crediting):

	2018 HK$	2017 HK$
Auditor's remuneration	**827,000**	1,004,000
Bad debts	**3,040,805**	28,196,082
Cost of inventories recognised as expenses	**115,775,307**	113,010,525
Depreciation	**16,464,446**	13,115,931
Net foreign exchange (gain) loss	**(31,796,015)**	10,928,237
Staff costs (including directors' remuneration — Note 10)		
— salaries and allowance	**45,387,271**	23,293,420
— retirements benefits scheme contributions	**1,557,364**	1,590,151
Loss on disposal of property, plant and equipment, net	**—**	1,454,797
Write off of property, plant and equipment	**108,750**	—
Operating lease payments	**5,697,085**	2,257,588
Write back of inventories to net realisable value, net	**—**	(432,664)
Impairment of goodwill	**—**	37,857,253
(Write back of) allowance for bad and doubtful debts	**(718,023)**	5,752,805

10. Directors' Remuneration and Senior Management's Emoluments

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the Group's directors in 2018 are as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	**—**	**576,000**	**18,000**	**48,000**	**642,000**
Ms. Kwok Yin Ning	**—**	**540,000**	**18,000**	**45,000**	**603,000**
Independent non-executive directors					
Ms. Mak Yun Chu	**120,000**	**—**	**—**	**—**	**120,000**
Mr. Tang Tat Chi	**144,000**	**—**	**—**	**—**	**144,000**
Mr. Hung Wai Che	**120,000**	**—**	**—**	**—**	**120,000**
	384,000	**1,116,000**	**36,000**	**93,000**	**1,629,000**

The emoluments paid or payable to each of the Group's directors in 2017 are as follows:

Emoluments	Fees HK$	Salaries and other benefits HK$	Retirement benefit scheme contributions HK$	Discretionary Bonus HK$	Total HK$
Executive directors					
Mr. Wong Chun Chau	—	803,997	18,000	73,337	895,334
Ms. Kwok Yin Ning	—	675,000	18,000	60,000	753,000
Independent non-executive directors					
Ms. Mak Yun Chu	120,000	—	—	—	120,000
Mr. Tang Tat Chi	144,000	—	—	—	144,000
Mr. Jean-pierre Philippe (retired on 26 August 2016)	58,065	—	—	—	58,065
Mr. Hung Wai Che (appointed on 26 August 2016)	71,613	—	—	—	71,613
	393,678	1,478,997	36,000	133,337	2,042,012

10. Directors' Remuneration and Senior Management's Emoluments
(Continued)

(a) Directors' and chief executive's emoluments *(Continued)*

The directors' and chief executive's emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

During the year, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office. No director waived or has agreed to waive any emoluments (2017: two directors waived emoluments of HK$1,000,995).

During the year, no share options were granted to directors.

(b) Employees' emoluments

Of the five individuals with the highest emoluments of the Group, there were no directors of the Company (2017: two were directors of the Company whose emoluments are set out in (a) above). The emoluments of the remaining five (2017: three) individuals were as follows:

	2018 **HK$**	2017 HK$
Salaries and allowances and benefits in kind	**11,412,843**	1,880,223
Discretionary bonuses	**7,407,000**	139,338
Defined contribution and retirement benefit scheme contributions	**90,000**	49,598
	18,909,843	2,069,159

Their emoluments were within the following bands:

	2018 **Number of employees**	2017 Number of employees
HK$Nil — HK$1,000,000	**—**	3
HK$2,000,001 — HK$2,500,000	**2**	—
HK$2,500,001 — HK$3,000,000	**1**	—
HK$5,500,001 — HK$6,000,000	**2**	—
	5	3

During the year, the remaining five (2017: three) individuals have not received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office and none of them waived or has agreed to waive any emoluments.

11. Income Tax Expense

	2018 HK$	2017 HK$
Current tax		
Hong Kong Profits Tax	**7,632,706**	670,086
Other jurisdictions	**—**	—
	7,632,706	670,086
(Over) under provision in prior years		
Hong Kong Profits Tax	**(266,537)**	197,953
Other jurisdictions	**—**	—
	(266,537)	197,953
Deferred tax expense		
Current year	**—**	494,725
Total income tax expense for the year	**7,366,169**	1,362,764

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

Subsidiary in Denmark is subject to Denmark Corporation Tax at 22% for the reporting year (2017: 22%).

The income tax expense for the year can be reconciled to the loss before tax as follows:

	2018 HK$	2017 HK$
Loss before tax	**(543,322)**	(103,008,942)
Tax at Hong Kong Profits Tax of 16.5%	**(89,648)**	(16,996,476)
Tax effect of income not taxable for tax purposes	**(5,269,667)**	(1,003,583)
Tax effect of expenses not deductible for tax purposes	**2,956,203**	8,197,958
Tax effect on tax losses not recognised	**11,388,315**	12,617,758
(Over) under provision in prior years	**(266,537)**	197,953
Utilisation of tax losses previously not recognised	**(27,242)**	(35,365)
Effect of different tax rates of group entities operating in other jurisdictions	**(1,295,255)**	(1,615,481)
Tax effect on tax reduction	**(30,000)**	—
Income tax expense for the year	**7,366,169**	1,362,764

12. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 March 2018 and 2017, nor has any dividend been proposed since the end of the reporting period.

13. Loss Per Share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company for the year ended 31 March 2018 of HK$6,710,390 (2017: loss of HK$104,371,706) and the weighted average number of ordinary shares of 4,330,137,891 (2017: 3,172,664,651 shares).

Diluted loss per share

No adjustment was made in calculating diluted loss per share for both years as the exercise of warrants and share options would result in decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

14. Property, Plant and Equipment

	Land HK$	Buildings HK$	Leasehold improvements HK$	Plant and machinery HK$	Office equipment HK$	Motor vehicle HK$	Construction in progress HK$	Total HK$
COST								
At 1 April 2016	11,192,825	85,315,902	1,694,388	49,701,984	950,870	1,352,391	1,665,586	151,873,946
Acquired on acquisition of a subsidiary	–	–	42,108	–	51,915	4,190,968	–	4,284,991
Additions	–	–	3,865,000	1,828,145	1,318,523	–	572,090	7,583,758
Disposal	–	–	–	(30,933)	(82,309)	(4,190,968)	–	(4,304,210)
Write off	–	–	(42,108)	–	–	–	–	(42,108)
Transfer in (out)	–	1,507,055	–	681,233	–	–	(2,188,288)	–
Exchange alignment	(563,921)	(4,331,772)	–	(2,557,053)	–	(30,083)	(49,388)	(7,532,217)
At 31 March 2017 and 1 April 2017	10,628,904	82,491,185	5,559,388	49,623,376	2,238,999	1,322,308	–	151,864,160
Additions	–	–	1,695,420	530,742	617,885	–	–	2,844,047
Write off	–	–	–	–	–	(145,000)	–	(145,000)
Exchange alignment	1,712,683	13,292,174	–	8,021,584	–	91,365	–	23,117,806
At 31 March 2018	12,341,587	95,783,359	7,254,808	58,175,702	2,856,884	1,268,673	–	177,681,013
ACCUMULATED DEPRECIATION								
At 1 April 2016	–	4,195,906	931,913	10,357,958	549,775	475,986	–	16,511,538
Charge for the year	–	3,791,226	542,027	8,111,695	213,079	457,904	–	13,115,931
Eliminated upon disposal	–	–	–	–	(52,547)	(190,968)	–	(243,515)
Eliminated upon write off	–	–	(42,108)	–	–	–	–	(42,108)
Exchange alignment	–	(293,556)	–	(695,160)	–	(9,936)	–	(998,652)
At 31 March 2017 and 1 April 2017	–	7,693,576	1,431,832	17,774,493	710,307	732,986	–	28,343,194
Charge for the year	–	4,130,654	2,552,083	8,987,493	541,694	252,522	–	16,464,446
Eliminated upon write off	–	–	–	–	–	(36,250)	–	(36,250)
Exchange alignment	–	1,438,526	–	3,296,693	–	46,978	–	4,782,197
At 31 March 2018	–	13,262,756	3,983,915	30,058,679	1,252,001	996,236	–	49,553,587
CARRYING AMOUNTS								
At 31 March 2018	12,341,587	82,520,603	3,270,893	28,117,023	1,604,883	272,437	–	128,127,426
At 31 March 2017	10,628,904	74,797,609	4,127,556	31,848,883	1,528,692	589,322	–	123,520,966

The above items of property, plant and equipment, except for construction in progress and land, are depreciated on a straight-line basis at the following rates per annum:

Buildings	2-5%
Leasehold improvements	Shorter of 20% or lease term
Plant and machinery	5-20%
Office equipment	20-33%
Motor vehicle	20%

Land represents the freehold land situated in Denmark. No depreciation will be provided accordingly. All buildings are located on the freehold land situated in Denmark.

As at 31 March 2018, plant and machinery with a carrying amount of HK$841,000 (2017: HK$752,000) are assets held under finance leases.

15. Goodwill

	2018 HK$	2017 HK$
COST		
At beginning of the year	**201,359,309**	75,433,142
Arising on acquisition of a subsidiary (Note 31)	**1,424,156**	125,926,167
At end of the year	**202,783,465**	201,359,309
ACCUMULATED IMPAIRMENT		
At beginning of the year	**75,433,142**	37,575,889
Impairment loss recognised in the year	**—**	37,857,253
At end of the year	**75,433,142**	75,433,142
CARRYING AMOUNTS		
At end of the year	**127,350,323**	125,926,167

Impairment testing on Goodwill

Goodwill is assessed for impairment annually irrespective of whether there is any indication of impairment.

Goodwill has been allocated to the following cash-generating units ("CGUs"). At the end of the reporting period, the carrying amount of goodwill represents goodwill arising from the acquisition of:

	2018 HK$	2017 HK$
Wealth management segment	**1,424,156**	—
Securities brokerage segment	**125,926,167**	125,926,167
At end of the year	**127,350,323**	125,926,167

For the purpose of impairment testing, the recoverable amounts of the CGUs are determined by value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the financial budgets approved by management covering a three to five years period, and discount rates.

Wealth management segment

The recoverable amount of this unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecasts prepared by management covering a 3-year period, and pre-tax discount rate of 25.28%. Cash flows beyond the 3-year period are extrapolated using a long term 3% growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value-in-use calculation related to the estimation of financial forecast includes budget sales and operating expenses, such estimation is based on the management's expectations of market developments.

No impairment is considered for this CGU as the result from the value-in-use calculation exceeds the carrying amount.

15. Goodwill *(Continued)*

Securities brokerage segment

The recoverable amount of this unit has been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecast prepared by management covering a 5-year period, and pre-tax discount rate of 17.76% (2017: 23.17%). Cash flows beyond the 5-year period are extrapolated using a long term 3% growth rate. This growth rate is based on historical GDP and inflation rate. Other key assumptions for the value-in-use calculation related to the estimation of financial forecast includes budget sales and operating expenses. Such estimation is based on the past performance of the securities brokerage business and the management's expectations for market development.

No impairment is considered for this CGU as the result from the value-in-use calculation exceeds the carrying amount.

16. Intangible Asset

	Trading rights HK$
COST AND CARRYING AMOUNT	
At 1 April 2016	–
Acquired on acquisition of a subsidiary	**500,000**
At 31 March 2017, 1 April 2017 and 31 March 2018	**500,000**

The trading right was acquired as part of a business combination during the year ended 31 March 2017. The trading right confers eligibility of the Group to trade on the Stock Exchange. The trading rights have no foreseeable limit to the period that the Group can use to generate net cash flows. As a result, the trading rights are considered by management as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The trading rights will not be amortised until their useful lives are determined to be finite. They will be tested for impairment annually.

At the end of the reporting period, management determined that there is no impairment of its trading rights based on their value-in-use.

17. Available-For-Sale Investment

	2018 HK$	2017 HK$
Unlisted investment	**11,206,383**	10,860,605

The investment refers to the guaranteed investment issued by a financial institution. The carrying amount of the investment is determined with reference to the cash value quoted from the statement issued by the financial institution. The investment has not been past due or impaired at the end of the reporting period.

18. Biological Assets

Movements of the biological assets are as follows:

	Mated females HK$	Males for breeding HK$	Total HK$
At 1 April 2016	29,221,379	262,177	29,483,556
Increase due to raising (Feeding cost and others)	19,195,207	13,687,739	32,882,946
Change in fair value less costs to sell	10,634,390	28,880,440	39,514,830
Decrease due to sale	—	(102,789)	(102,789)
Transferred to inventories	(25,200,094)	(42,422,391)	(67,622,485)
Exchange alignment	(1,571,147)	(14,127)	(1,585,274)
At 31 March 2017 and 1 April 2017	32,279,735	291,049	32,570,784
Increase due to raising (Feeding cost and others)	19,891,885	13,049,691	32,941,576
Change in fair value less costs to sell	(10,771,906)	23,111,065	12,339,159
Increase due to purchase	—	53,243	53,243
Transferred to inventories	(22,582,440)	(36,440,077)	(59,022,517)
Exchange alignment	4,553,371	36,016	4,589,387
At 31 March 2018	23,370,645	100,987	23,471,632

The number of biological assets is as follows:

	2018	2017
Mated females	**47,018**	52,510
Males for breeding	**131**	434
At the end of the year	**47,149**	52,944

Analysis for reporting purposes as follows:

	2018 HK$	2017 HK$
Current assets	**23,471,632**	32,570,784
Non-current assets	**—**	—
At the end of the year	**23,471,632**	32,570,784

18. Biological Assets *(Continued)*

Mated females represent the female minks which are primarily held for further growth for the production of mink. The males for breeding are selected as breeding stock.

The fair value of the biological assets is measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 *Fair Value Measurement*.

The qualification of Valuer

The Group's biological assets were independently valued by Graval Consulting Limited ("Valuer") as at 31 March 2018 (the "Valuation Date"). The professional valuers in charge of this valuation have appropriate qualifications and relevant experience in various appraisal assignments involving biological assets and agricultural produce. The professional valuers involved in this valuation include a professional member of the Royal Institution of Chartered Surveyors (MRICS), CFA charterholders and have appraisal experience in a broad range of assets such as property assets, industrial assets, biological assets, mining rights and assets, technological assets and financial assets in the PRC, Hong Kong, Europe and abroad. They have previously participated in the valuation of biological assets and agricultural produce such as hogs, vegetables, fruits, grains and landscaping plants.

As stated in the RICS Valuation — Professional Standards January 2014 issued by the Royal Institution of Chartered Surveyors and The Hong Kong Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors, valuations undertaken for inclusion in a financial statement shall be provided to meet the requirements of the Hong Kong Accounting Standards, including HKAS 41 Agriculture.

Based on the above qualifications and various experience of the Valuer and/or its members in providing biological asset valuation services to various companies listed on the Stock Exchange, which engage in the husbandry and agriculture industry, the directors are of the view that the Valuer is competent to determine the fair value of the Group's biological assets.

Valuation methodology of biological assets

In the process of valuing the biological assets, the Valuer has taken into consideration the nature and specialty of the biological assets and considered that a combination of the market approach and income approach would be appropriate and reasonable in the valuation of the fair value less costs to sell of the biological assets by making reference to the requirement of HKAS 41.

18. Biological Assets *(Continued)*

Valuation methodology of biological assets *(Continued)*

Valuation of mated females

In the valuation of mated females, under the condition of absence of market determined price, the Valuer applied the income approach to determine the present value of expected net cash flows. The cash flows are determined based on the estimated costs for raising kits and unit pelting, and the estimated price for skins after pelting.

Valuation of males for breeding

In the valuation of males for breeding, the Valuer applied the market approach by referring to the average market price of skins less incremental costs for pelting and selling.

Prices and costs of the biological assets

Estimation of costs per unit for the years 2018 and 2017 provided by the management are presented below:

	2018 **DKK***	2017 DKK*
Feed	**123**	122
Salary	**70**	110
Other variable costs (Note 1)	**10**	10
Lower value of male breeders (Note 2)	**30**	30
Pelting (Note 3)	**31**	30
Sales fee (Note 3)	**9**	9
Surplus from Kopenhagen Fur (Note 4)	**3%**	3-5%

Note 1: Other variable costs include vaccination and veterinary fees.
Note 2: For mated females, using a male mink for breeding lowers the skin value of the males used as breeders.
Note 3: Pelting and sales fee reflect incremental costs to sell for livestocks and are deducted from the assessed fair value.
Note 4: Surplus from Kopenhagen Fur received by farmers from the auction body.
*: DKK stands for Danish Krone

Major inputs

The major inputs for the above models are discount rate, average skins price and birth rate. The pre-tax real discount rate applied for the valuation as at the Valuation Date is 12.68% (2017: 12.06%). The average skins price applied for a mated female and a male are approximately DKK289 (2017: DKK 358) and DKK615 (2017: DKK 620) respectively. The birth rate applied for mated females is 5 (2017: 6).

Result

Pursuant to the above analysis and valuation method employed by the Valuer, the fair values less costs to sell for a mated female and a male for breeding are approximately DKK386 and DKK594 respectively.

18. Biological Assets *(Continued)*

Valuation assumptions

In addition, the following principal assumptions have been adopted by the Valuer:

- The biological assets are properly managed with necessary care and are receiving proper veterinary care to ensure their normal growth;
- There will be no force majeure, including natural disasters that could adversely impact the condition of biological assets;
- As a going concern, the business enterprise will successfully carry out all necessary activities for the development of its business;
- Market trends and conditions where the business enterprise operates will not deviate significantly from the economic forecasts in general;
- Key management, competent personnel and technical staff will all be retained to support ongoing operation of the business enterprise;
- There will be no material changes in the business strategy of the business enterprise and its expected operating structure;
- Interest rates and exchange rates in the localities for the operation of the business enterprise will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the business enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the business enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the business enterprise.

18. Biological Assets *(Continued)*

Sensitivity analysis

Change in the discount rate applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 5% in the discount rate applied for the year ended 31 March 2018.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	(929,030)	18,085,708	(1,205,695)	23,471,632

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	1,069,495	18,085,708	1,387,990	23,471,632

The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 5% in the discount rate applied for the year ended 31 March 2017.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	(1,575,300)	29,140,900	(1,760,713)	32,570,784

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	2,100,400	29,140,900	2,347,617	32,570,784

Change in the birth rate applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 1 in the birth rate applied for the year ended 31 March 2018.

	Increase by 1 DKK	Base case DKK	Increase by 1 HK$	Base case HK$
Net change in fair value less costs to sell	3,733,055	18,085,708	4,844,759	23,471,632

	Decrease by 1 DKK	Base case DKK	Decrease by 1 HK$	Base case HK$
Net change in fair value less costs to sell	(3,887,791)	18,085,708	(5,045,575)	23,471,632

18. Biological Assets *(Continued)*

Sensitivity analysis *(Continued)*

The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 1 in the birth rate applied for the year ended 31 March 2017.

	Increase/ decrease by 1 DKK	Base case DKK	Increase/ decrease by 1 HK$	Base case HK$
Net change in fair value less costs to sell	+/-5,776,100	29,140,900	+/-6,455,947	32,570,784

Change in the average skins price applied resulted in significant fluctuations in the change in fair value of biological assets. The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 5% in average skins price applied for the year ended 31 March 2018.

	Increase/ decrease by 5% DKK	Base case DKK	Increase/ decrease by 5% HK$	Base case HK$
Net change in fair value less costs to sell	+/-5,455,580	18,085,708	+/-7,080,252	23,471,632

The following table illustrates the sensitivity of the Group's net change in fair value of biological assets to an increase or decrease by 5% in average skins price applied for the year ended 31 March 2017.

	+5% DKK	Base case DKK	+5% HK$	Base case HK$
Net change in fair value less costs to sell	7,368,760	29,140,900	8,236,063	32,570,784

	-5% DKK	Base case DKK	-5% HK$	Base case HK$
Net change in fair value less costs to sell	(6,839,320)	29,140,900	(7,644,308)	32,570,784

19. Inventories

	2018 HK$	2017 HK$
Trading goods		
— Pelted skins	**45,799,310**	48,952,745
— Raw skins	**—**	10,933,173
	45,799,310	59,885,918

There is no write down nor write back of inventories for the year ended 31 March 2018 (2017: HK$432,664 write back of inventories).

During the year, an amount of HK$59,022,517 (2017: HK$67,622,485) was transferred from biological assets to inventories.

All of the inventories are carried at lower of cost or net realisable value at 31 March 2018 and 2017 respectively.

20. Trade and Other Receivables/Deposits

	2018 HK$	2017 HK$
Trade receivables from:		
Securities brokerage business (Note a)		
— Cash clients	**12,210,390**	12,545,091
— Margin clients	**350,069,591**	218,352,906
— Clearing house and brokers	**14,015,803**	351,816
Trading of fur skins business (Note b)	**29,894,482**	26,346,590
Mink farming business (Note b)	**7,974,373**	—
Fur skins brokerage business (Note b)	**209,234**	49,913
	414,373,873	257,646,316
Less: Allowance for bad and doubtful debts	**(107,709)**	(825,732)
	414,266,164	256,820,584
Other receivables and deposits:		
Amount due from non-controlling interests	**1,572,900**	—
Deposit with auction houses and suppliers	**7,036,266**	3,207,500
Prepayment	**1,668,939**	1,581,825
Rental, utilities and other deposits	**1,857,868**	1,244,464
Statutory deposit	**477,316**	275,000
Consideration receivable for disposal of motor vehicle	**—**	2,480,000
Others	**3,082,005**	244,474
	429,961,458	265,853,847
Analysis for reporting purpose as:		
Current assets	**427,626,274**	264,334,383
Non-current assets — Deposits	**2,335,184**	1,519,464
	429,961,458	265,853,847

Notes:

(a) The normal settlement terms of trade receivables from cash clients, clearing house and brokers arising from the ordinary course of business of securities brokerage services are two trading days after the trade date.

Cash client receivables which are past due but not impaired bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion, normally at Hong Kong prime rate plus 7%.

Trade receivables due from margin clients are repayable on demand. Margin client receivables, except for pending trade settlement, bear interest at interest rates by reference to Hong Kong prime rate plus certain basis points based on management's discretion, normally at Hong Kong prime rate plus 3%. The majority of trade receivables are secured and covered by clients' pledged securities, which are publicly traded securities listed in Hong Kong. As at 31 March 2018, the fair values of the pledged securities amounted to approximately HK$1,051,287,044 (2017: HK$1,042,334,586). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the amount of trade receivables outstanding exceeds the eligible margin value of securities deposited.

Trade receivables from clearing house and brokers represent trades pending settlement arising from the business of securities brokerage, which are normally due within two trading days after the trade date.

(b) The Group allows a credit period ranging from 0 day to 120 days to its customers in trading of fur skins business, mink farming business and fur skin brokerage business.

20. Trade and Other Receivables/Deposits *(Continued)*

The aging analysis of the Group's trade receivables from the business of securities brokerage, net of allowance for bad and doubtful debts, are as follows:

	2018 HK$	2017 HK$
Neither past due nor impaired	**363,977,685**	217,878,990
Past due but not impaired	**12,210,390**	12,545,091
	376,188,075	230,424,081

The aging analysis of the Group's trade receivables from the business of securities brokerage which are past due but not impaired are as follows:

	2018 HK$	2017 HK$
Past due within one month	**4,111,302**	8,297,319
Past due from one month to three months	**8,099,088**	4,247,772
	12,210,390	12,545,091

The following is the movement in allowance for bad and doubtful debts for the year ended 31 March 2018 and 2017.

	2018 HK$	2017 HK$
Balance at beginning of the year	**825,732**	—
(Write back of) allowance for bad and doubtful debts	**(718,023)**	825,732
Balance at end of the year	**107,709**	825,732

The aging analysis of the Group's trade receivables from the business of trading of fur skins, mink farming and fur skin brokerage, net of allowance for bad and doubtful debts, based on invoice dates are as follows:

	2018 HK$	2017 HK$
0 - 60 days	**24,934,844**	12,985,543
61 - 90 days	**10,533,790**	10,110,635
91 - 120 days	**2,609,455**	3,277,805
Over 120 days	**—**	22,520
	38,078,089	26,396,503

The directors consider that the carrying amounts of trade and other receivables approximate their fair values.

20. Trade and Other Receivables/Deposits *(Continued)*

Trade receivables from the business of trading of fur skins, mink farming and fur skin brokerage disclosed above include amounts which are past due for which the Group has not recognised an allowance for bad and doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements for these balances nor does it have a legal right to offset against any amounts owed by the Group to the counterparty.

The aging analysis of the Group's trade receivables from the business of trading of fur skins, mink farming and fur skin brokerage that are past due but not impaired are as follows:

	2018 **HK$**	2017 HK$
0 - 60 days	**—**	—
61 - 90 days	**—**	—
91 - 120 days	**—**	—
Over 120 days	**—**	22,520
	—	22,520

21. Loan Receivables

	2018 **HK$**	2017 HK$
Loans from money lending business-unsecured	**3,500,000**	—
Loans from fur brokerage business-secured	**—**	10,467,192
Less: Allowance for bad and doubtful debts on individual assessment	**—**	(5,233,596)
	3,500,000	5,233,596
Accrued interest receivables	**—**	688,440
	3,500,000	5,922,036

The Group offered a credit period of 180 days for the loans to its customers in the fur skin brokerage business with interest rate of 4.8% (2017: 4.8%) per annum and credit period of 1 year for the loans to its customers in money lending business with interest rate of 12% (2017: Nil). The Group maintains strict control over its outstanding loans to minimise credit risk. Overdue balance is reviewed regularly by management. Allowance for bad and doubtful debts is recognised against loans receivables that are overdue based on estimated irrecoverable amount at the end of the reporting period.

21. Loan Receivables *(Continued)*

The following is an aging analysis of the Group's loan receivables by age, presented based on the advancement date and net of allowance for bad and doubtful debts at 31 March 2018 and 2017:

	2018	2017
	HK$	HK$
0 - 60 days	**2,000,000**	—
61 - 90 days	**1,500,000**	—
91 - 180 days	**—**	—
Over 180 days	**—**	5,233,596
	3,500,000	5,233,596

The directors consider that the carrying amounts of loan receivables approximate their fair values.

Loan receivables disclosed above include amounts which are past due at the end of reporting period for which the Group has not recognised an allowance for bad and doubtful debts for such amounts because the loan receivables were secured by a lien over the fur skins purchased by such loans and are still considered recoverable.

The following is an aging analysis of the Group's loan receivables that are past due but not impaired at 31 March 2018 and 2017.

	2018	2017
	HK$	HK$
0 - 60 days	**—**	—
61 - 90 days	**—**	—
91 - 180 days	**—**	—
Over 180 days	**—**	5,233,596
	—	5,233,596

21. Loan Receivables *(Continued)*

The following is the movement in allowance for bad and doubtful debts for the year ended 31 March 2018 and 2017.

	2018	2017
	HK$	HK$
Balance at beginning of the year	**5,233,596**	1,050,549
Amounts written off as uncollectible	**(5,233,596)**	(744,026)
Provision for the year	**–**	4,927,073
Balance at end of the year	**–**	5,233,596

The following is an aging analysis of the Group's loan receivables that are past due and impaired at 31 March 2018 and 2017.

	2018	2017
	HK$	HK$
Overdue by:		
0 - 60 days	**–**	–
61 - 90 days	**–**	–
91 - 180 days	**–**	–
Over 180 days	**–**	5,233,596
	–	5,233,596

22. Bank Balances Held on Behalf of Clients

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

23. Bank Balances and Cash

The amounts comprise cash held by the Group and short-term bank deposits at market interest rates ranging from 0.001% to 0.9% (2017: 0.001% to 1%) per annum with an original maturity of three months or less. The fair value of these assets at 31 March 2018 approximates the corresponding carrying amounts.

24. Trade and Other Payables

	2018 HK$	2017 HK$
Trade payables from:		
Securities brokerage business (Note a)		
— Cash clients	**32,350,461**	24,567,813
— Margin clients	**63,725,986**	51,509,899
— Clearing house and brokers	**5,826,804**	10,565,507
Trading of fur skins and mink farming business (Note b)	**159,975**	8,087,804
	102,063,226	94,731,023
Other payables:		
Accruals	**15,552,666**	5,936,576
Value-added tax payable	**2,327,180**	1,894,713
Other operating expenses payables	**4,412,415**	2,239,376
Others	**20,765**	17,883
	124,376,252	104,819,571

Notes:

(a) Trade payables to securities brokerage clients represent the monies received from and repayable to brokerage clients in respect of the trust and segregated bank balances received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with those balances received.

The majority of the trade payables balances are repayable on demand except for certain balances relating to margin deposits received from clients for their trading activities under the normal course of business. Only the excess amounts over the required margin deposits stipulated are repayable on demand.

The trade payables from the securities brokerage business are normally settled within two trading days after the trade date except for the money held on behalf of clients at the segregated bank accounts which is repayable on demand. The money held on behalf of clients at the segregated bank accounts carries interest at prevailing interest rate of 0.01% (2017: 0.01%) per annum.

No aging analysis is disclosed as, in the opinion of directors, an aging analysis does not give additional value in view of the nature of the business.

(b) The Group normally settles the trade payables from trading of fur skins and mink farming business within 21 days of the credit term.

Based on the invoice dates, aging analysis of trade payables from trading of fur skins and mink farming business are as follows:

	2018 HK$	2017 HK$
0 - 60 days	**159,975**	5,569,215
61 - 90 days	**—**	—
91 - 120 days	**—**	—
Over 120 days	**—**	2,518,589
	159,975	8,087,804

The directors consider that the carrying amounts of trade and other payables approximate their fair values.

25. Bank Borrowings

	2018 HK$	2017 HK$
Trust receipt loans	–	9,882,179
Term loans	68,999,904	58,273,771
Revolving loans	100,000,000	100,000,000
	168,999,904	168,155,950

The trust receipt loans were charged at variable interest rates of Nil (2017: ranging from 2.45% to 3.86%) per annum, the term loans were charged at interest rates ranging from 3.25% to 3.75% (2017: 2.00% to 3.75%) per annum. Details of assets pledged to secure the bank borrowings are disclosed in Note 32.

Revolving loans are repayable within seven days from the end of the reporting period and are interest bearing at Hong Kong Inter-bank Offered Rate ("HIBOR") plus 1.7% p.a. (2017: HIBOR plus 1.7% p.a.). As at the year end, revolving loans are secured by two properties (2017: two properties) owned by a shareholder of the Company.

The amounts repayable as extracted from agreed repayment schedules from financial institutions were as follows:

	2018 HK$	2017 HK$
On demand or within one year	166,069,627	164,001,773
More than one year, but not exceeding two years (Note)	1,275,640	1,242,510
More than two years, but not exceeding five years (Note)	1,654,637	2,911,667
More than five years (Note)	–	–
	168,999,904	168,155,950

Note: These loans that are not repayable within one year from the end of the reporting period but as these loans include a clause that gives the lender the unconditional right to call the loans at any time, and according to HK-Int 5 which requires the classification of the whole loan containing the repayment on demand clause as current liabilities, all the loans were classified by the Group as current liabilities.

26. Obligations Under Finance Leases

The Group leases plant and machinery under finance leases. Lease terms range from 32 to 64 months. Interest rates underlying all obligations under finance leases ranges from Nil to 3.2% (2017: Nil to 4%) per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for any contingent rental provisions. Under the terms of lease, the Group has the option to purchase the leased assets at a price that is expected to be sufficiently lower than the fair value of the leased assets at the end of the lease.

	2018 HK$	2017 HK$
Analysed for reporting purpose as:		
Current liabilities	**374,547**	276,661
Non-current liabilities	**289,753**	382,319
	664,300	658,980

	Minimum lease payments		**Present value of minimum lease payments**	
	2018 HK$	2017 HK$	**2018 HK$**	2017 HK$
Amounts payable under finance leases:				
Within one year	**383,640**	281,611	**374,547**	276,661
In more than one year but not more than two years	**296,029**	384,980	**289,753**	382,319
In more than two years but not more than five years	**–**	–	**–**	–
In more than five years	**–**	–	**–**	–
	679,669	666,591	**664,300**	658,980
Less: Future finance charges	**(15,369)**	(7,611)	**–**	–
Present value of lease obligations	**664,300**	658,980	**664,300**	658,980
Less: Amounts due for settlement within 12 months (shown under current liabilities)			**(374,547)**	(276,661)
Amounts due for settlement after 12 months			**289,753**	382,319

The Group's obligations under finance leases are secured by the charge over the leased plant and machinery.

Finance lease obligations are denominated in Danish Krone.

27. Corporate Bond

The Group issued a corporate bond with the principal amount of HK$10,000,000 carrying interest at the rate of 5.5% per annum payable annually for a term of 7 years, which will be due on 18 November 2019.

The fair value of the corporate bond was HK$10,000,000 as at the issue date.

28. Promissory Note

	2018 HK$	2017 HK$
At beginning of the year	**123,831,499**	—
Issued at fair value	**—**	122,196,000
Imputed interest	**6,954,655**	1,635,499
Partial redemption	**(31,541,971)**	—
	99,244,183	123,831,499

The promissory note was issued by the Company in connection with the acquisition of the entire issued share capital of Great Roc Capital Securities Limited ("Great Roc") on 20 January 2017. The promissory note represented part of the consideration for the acquisition.

The promissory note is non-interest bearing and payable on maturity in July 2019. The fair value of the promissory note in principal amount of HK$145,500,000 was HK$122,196,000 as at the issue date (i.e. 20 January 2017), based on valuation. The effective interest rate of the promissory note is determined to be 7.18% per annum. The fair value of the promissory note, which are within Level 3 of the fair value hierarchy, is determined by using the discounted cash flow method, with the following key assumptions:

Time to maturity	2.52 years
Discount rate	7.18%

29. Deferred Taxation

The following are the major deferred tax liability and asset recognised by the Group and movements thereon during the current year and prior year:

	Value adjustment of biological assets and inventories	Accelerated tax depreciation	Tax losses	Total
	HK$	HK$	HK$	HK$
At 1 April 2016	—	109,176	(603,901)	(494,725)
Exchange alignment	(140,486)	(42,962)	183,448	—
Charge to profit or loss	6,575,772	1,966,408	(8,047,455)	494,725
At 31 March 2017 and 1 April 2017	6,435,286	2,032,622	(8,467,908)	—
Exchange alignment	830,941	328,970	(1,159,911)	—
Charge to profit or loss	(4,279,807)	185,562	4,094,245	—
At 31 March 2018	2,986,420	2,547,154	(5,533,574)	—

At the end of reporting period, the Group has unused tax losses of approximately HK$182,262,000 (2017: HK$143,705,000) available to set off against future profits that may be carried forward indefinitely. A deferred tax asset has been recognised in respect of approximately HK$25,158,000 (2017: HK$38,588,000) of such losses. No deferred tax has been recognised in respect of the remaining approximately HK$157,104,000 (2017: HK$105,117,000) due to the unpredictability of future profit streams.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2018	2017
	HK$	HK$
Deferred tax asset	**—**	—
Deferred tax liability	**—**	—
	—	—

30. Share Capital

	Notes	Number of ordinary shares of HK$0.01 each	HK$
Authorised:			
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018		10,000,000,000	100,000,000
Issued and fully paid:			
At 1 April 2016		2,835,074,400	28,350,744
Exercise of share options		39,964,800	399,648
Issue of share upon exercise of warrants		165,994,815	1,659,948
Issue of share by placing		210,000,000	2,100,000
Issue of Consideration Shares		660,000,000	6,600,000
At 31 March 2017 and 1 April 2017		3,911,034,015	39,110,340
Exercise of share options	(a)	41,000,000	410,000
Issue of shares by placing	(b)	604,889,000	6,048,890
At 31 March 2018		4,556,923,015	45,569,230

During the year ended 31 March 2018, the movements in the Company's share capital are as follows:

(a) During the year ended 31 March 2018, a total of 41,000,000 new shares were issued upon exercise of 41,000,000 share options under the share option scheme adopted by the Company on 1 August 2012 at an aggregate consideration of HK$10,209,000, of which HK$410,000 was credited to share capital and the remaining balance of HK$9,799,000 was credited to the share premium account. In addition, an amount attributable to the related share options of HK$2,324,075 has been transferred from share option reserve to the share premium account.

(b) During the year ended 31 March 2018, 484,889,000 shares and 120,000,000 shares, 604,889,000 shares in aggregate, were placed at an amount of HK$0.21 per share to Perfect Thinking Global Limited and Instant Idea Limited respectively, and brought a net proceeds of HK$126,656,021 to the Company.

31. Acquisition of a Subsidiary

In January 2018, the Group, through its wholly-owned subsidiary Noble Zenith Investment Limited, acquired 51% of the issued share capital of King Privilege Wealth Management Limited ("KPWM") (formerly known as Guru Wealth Limited) at a total consideration of HK$1,530,000. The transaction has been accounted for by the acquisition method of accounting. The amount of goodwill arising as a result of the acquisition was HK$1,424,156.

KPWM is engaged in the provision of wealth management services.

Consideration transferred

	HK$
Cash	1,530,000

Acquisition-related costs amounting to HK$408,000 have been recognised as an expense in the current year, within the "administrative expense" line in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$
Current assets	
Tax recoverable	21,594
Bank balances and cash	271,432
Current liability	
Amounts due to a shareholder	85,489
	207,537

The directors have made an assessment and considered the book value approximates the fair value of the net identifiable assets.

31. Acquisition of a Subsidiary *(Continued)*

Goodwill arising on acquisition:

	HK$
Consideration transferred	1,530,000
Less: Net assets acquired	(207,537)
Add: Non-controlling interests	101,693
Goodwill arising from the acquisition	1,424,156

Goodwill arising from the acquisition represents the excess of the fair value of the considerations to be paid by the Group over the fair value of net identifiable assets acquired.

None of the goodwill arising on the acquisition is expected to be deductible for tax purpose.

Analysis of the cash flows in respect of the acquisition is as follows:

	HK$
Cash consideration paid	1,530,000
Less: Cash and cash equivalent acquired	(271,432)
Net cash outflow in respect of the acquisition of a subsidiary	1,258,568

The non-controlling interests (49%) in KPWM recognised at the acquisition date was measured at the present ownership instruments' proportionate share in the recognised amounts of KPWM's net identifiable assets.

Included in the loss for the year is approximately HK$2,447,000 loss attributable to the additional business generated by KPWM. Revenue for the year includes approximately HK$239,000 generated from KPWM.

Had the acquisition been completed on 1 April 2017, total Group's revenue for the year would have been approximately HK$202,628,000, and loss for the year would have been approximately HK$8,004,000. The pro-forma information is for illustrative purpose only and is not necessarily an indication of the revenue and results of operations of the Group that would actually have been achieved had the acquisition been completed on 1 April 2017, nor is it intended to be a projection of future results.

32. Pledge of Assets

Other than the assets held under finance leases disclosed in Note 14, as at 31 March 2018 and 2017, the Group did not pledge any land and building to secure debts of the Group. The Group pledged other plant and equipment, trade receivables, biological assets and inventories, of approximately DKK94,328,000 (approximately HK$122,419,000), and available-for-sale investment with carrying amount of approximately HK$11,206,000 to secure banking facilities granted to the Group (31 March 2017: plant and equipment, biological assets and inventories of approximately DKK101,573,000 (approximately HK$133,528,000), and available-for-sale investment with carrying amount of approximately HK$10,861,000).

33. Operating Lease Commitment

The Group as lessee

	2018 **HK$**	2017 HK$
Minimum lease payments paid under operating leases during the year		
Rented premises	**5,670,613**	1,892,803
Rented equipment	**26,472**	364,785
	5,697,085	2,257,588

At 31 March 2018 and 2017, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2018 **HK$**	2017 HK$
Within one year	**6,422,180**	5,145,404
In the second to fifth years inclusive	**3,905,998**	4,430,982
Over five years	**—**	202,532
	10,328,178	9,778,918

Operating lease payments represent rentals payable by the Group for certain of its office. Leases are negotiated for a term from 1 to 3 years.

34. Share-Based Payment Transactions

The Company has two share option schemes namely, the Pre-IPO Share Option Scheme and the share option scheme ("Share Option Scheme", together with the Pre-IPO Share Option Scheme, the "Share Option Schemes"), both of which were adopted on 1 August 2012.

Pre-IPO Share Option Scheme

Pursuant to a written resolution of the Company passed on 1 August 2012, the Company has conditionally adopted the Pre-IPO Share Option Scheme on 1 August 2012 for the primary purpose of providing incentive to eligible participants. The total number of shares in respect of which share options granted and remained outstanding under the Pre-IPO Share Option Scheme as at 31 March 2018 was 58,566,720 (2017: 58,566,720) which represented approximately 1.3% (2017: 1.5%) of the issued share capital of the Company as at 31 March 2018.

For the year ended 31 March 2018, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price	Adjusted exercise price (Note)	At 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2018
			HK$	HK$					
Directors	A	1 August 2012	0.208	0.120	57,507,840	–	–	–	57,507,840
Employees	B	1 August 2012	0.260	0.151	1,058,880	–	–	–	1,058,880
Total					58,566,720	–	–	–	58,566,720

Note: Since the date of grant, there were corporate transactions which triggered an adjustment on the exercise price of options granted. The adjusted exercise price referred to the adjustment resulted from the latest corporate transaction of bonus issue by the Company on 31 July 2015.

34. Share-Based Payment Transactions *(Continued)*

Pre-IPO Share Option Scheme *(Continued)*

For the year ended 31 March 2017, details of the share options granted under the Pre-IPO Share Option Scheme are as follows:

	Option type	Date of grant	Exercise price	Adjusted exercise price (Note)	At 1.4.2016	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2017
			HK$	HK$					
Directors	A	1 August 2012	0.208	0.120	57,507,840	–	–	–	57,507,840
Employees	B	1 August 2012	0.260	0.151	1,058,880	–	–	–	1,058,880
Others	C	1 August 2012	0.260	0.151	16,588,800	–	(16,588,800)	–	–
Total					75,155,520	–	(16,588,800)	–	58,566,720

Note: Since the date of grant, there were corporate transactions which triggered an adjustment on the exercise price of options granted. The adjusted exercise price referred to the adjustment resulted from the latest corporate transaction of bonus issue by the Company on 31 July 2015.

Details of specific categories of options are as follows:

Option type	Date of grant	Exercise period	Exercise price HK$
A	1 August 2012	1/2 portion: 1 February 2013 to 31 July 2022 1/2 portion: 1 February 2014 to 31 July 2022	0.208
B	1 August 2012	1/3 portion: 1 April 2013 to 31 July 2022 1/3 portion: 1 April 2014 to 31 July 2022 1/3 portion: 1 April 2015 to 31 July 2022	0.260
C	1 August 2012	All portion: 1 May 2013 to 31 July 2022	0.260

34. Share-Based Payment Transactions *(Continued)*

Share Option Scheme

The Share Option Scheme adopted by the Company on 1 August 2012, which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years. It is a share incentive scheme and is established to recognise and motivate the contribution of the eligible participants and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to any director, employee and any advisor or consultant who has contributed or is expected to contribute to the Group.

The total number of shares in respect of which share options may be granted under the Share Option Scheme ("Share Options") must not exceed 10% of the total number of issued shares of the Company as at 18 July 2014, the date which the number of shares which may be issued under the Share Option Scheme was refreshed.

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

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant;

(ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of grant; or

(iii) the nominal value of a share.

34. Share-Based Payment Transactions *(Continued)*

Share Option Scheme *(Continued)*

For the year ended 31 March 2018, details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise price HK$	At 1.4.2017	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2018
Directors	18 August 2015	0.249	41,000,000	–	(41,000,000)	–	–
Employees	18 August 2015	0.249	500,000	–	–	(500,000)	–
Total			41,500,000	–	(41,000,000)	(500,000)	–

For the year ended 31 March 2017, details of the share options granted under the Share Option Scheme are as follows:

	Date of grant	Exercise price HK$	Adjusted exercise price (Note) HK$	At 1.4.2016	Granted during the year	Exercised during the year	Lapsed during the year	At 31.3.2017
Directors	13 August 2014	0.226	0.188	15,600,000	–	(15,600,000)	–	–
	14 August 2014	0.218	0.182	7,200,000	–	(7,200,000)	–	–
	18 August 2015	0.249	–	41,000,000	–	–	–	41,000,000
Employees	13 August 2014	0.226	0.188	576,000	–	(576,000)	–	–
	18 August 2015	0.249	–	500,000	–	–	–	500,000
Total				64,876,000	–	(23,376,000)	–	41,500,000

Note: Since the date of grant, there were corporate transactions which triggered an adjustment on the exercise price of options granted. The adjusted exercise price referred to the adjustment resulted from the latest corporate transaction of bonus issue by the Company on 31 July 2015.

During the years ended 31 March 2018 and 2017, the Group did not recognise any expenses in relation to the share options granted.

35. Retirement Benefit Plans

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all its qualifying employees in Hong Kong under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme were held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees were each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme was to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

Pursuant to the relevant labour rules and regulations in the Denmark, the Group participates in a defined contribution retirement scheme organised by the local government, whereby the Group is required to make contributions to the pension fund scheme at a certain percentage of the employees' relevant basic salaries.

36. Related Party Transactions

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

Name of related party	Nature of transaction	2018 HK$	2017 HK$
Universal Apparel Limited	Rental of premise	**576,000**	576,000
The Unikoi Company Limited	Consultancy fee	**—**	106,000
Top Value Limited*	Rental of premise	**4,010,160**	354,970
		4,586,160	1,036,970

* The transaction also constituted a continuing connected transaction under the Listing Rules.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year were as follow:

	2018 HK$	2017 HK$
Short-term benefits	**5,172,300**	2,833,542
Post-employment benefits	**56,813**	38,595
Share-based payments	**—**	—
	5,229,113	2,872,137

The remuneration of directors and key executives is determined by the Board and reviewed by the remuneration committee having regard to the performance of individuals and market trends.

37. Capital Risk Management

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

The capital structure of the Group consists of net debts, which includes bank borrowings, obligations under finance leases, corporate bond, and promissory note disclosed in Notes 25, 26, 27 and 28 respectively, net of cash and cash equivalents and equity attributable to the owners of the Company, comprising issued share capital, share premium and reserves.

The directors of the Company review the capital structure periodically. The directors of the Company consider the cost of capital and the risks associated with each class of capital will balance its overall capital structure through the payment of dividends, issuance of new shares as well as issuance of new debts or redemption of existing debts. No changes were made in the objectives, policies or processes as compared to those in prior years.

The Group is not subject to any externally imposed capital requirements except for certain subsidiaries which are regulated entities under the SFO and subject to the relevant minimum paid-up share capital and minimum liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). Management closely monitors, on a daily basis, the capital level of those entities to ensure compliance with the minimum capital requirements under the SF(FR)R.

The management considers the gearing ratio at the year ended was as follows:

	2018 **HK$**	2017 HK$
Total borrowings:		
Bank borrowings	**168,999,904**	168,155,950
Obligations under finance leases	**664,300**	658,980
Corporate bond	**10,000,000**	10,000,000
Promissory note	**99,244,183**	123,831,499
	278,908,387	302,646,429
Net assets	**548,292,543**	426,976,314
Gearing ratio	**50.87%**	70.88%

38. Financial Risk Management

Categories of financial instruments

	2018 HK$	2017 HK$
Financial assets		
Available-for-sale investment		
— At fair value	**11,206,383**	10,860,605
Loans and receivables		
— Deposits	**2,335,184**	1,519,464
— Trade and other receivables	**425,957,335**	262,752,558
— Loan receivables	**3,500,000**	5,922,036
— Bank balance held on behalf of clients	**91,568,658**	85,007,587
— Bank balances and cash	**100,440,213**	128,725,579
	635,007,773	494,787,829
Financial liabilities		
— Trade and other payables	**124,376,252**	104,819,571
— Bank borrowings	**168,999,904**	168,155,950
— Obligations under finance leases	**664,300**	658,980
— Corporate bond	**10,000,000**	10,000,000
— Promissory note	**99,244,183**	123,831,499
	403,284,639	407,466,000

Financial risk management objectives and policies

The Group's major financial instruments include items disclosed above under section "Categories of financial instruments". Details of these financial instruments are disclosed in the 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.

38. Financial Risk Management *(Continued)*

Market risk

(a) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances, trade receivables from cash and margin clients, trade payables to cash and margin clients, and bank borrowings at 31 March 2018 (see Notes 20, 22, 23, 24 and 25 for details). The Group's cash flow interest rate risk is mainly related to the fluctuation of prevailing rate quoted by the banks arising from the Group's interest bearing financial instruments. Management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate corporate bond (details disclosed in Note 27). Management will monitor its exposure periodically.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bearing financial instruments. The analysis is prepared assuming the financial instruments outstanding at the end of reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax result for the year ended 31 March 2018 would increase/decrease by HK$960,823 (2017: increase/decrease by HK$1,001,988).

(b) Foreign currency risk

The Group carries out its trading of fur skin business, fur skins brokerage business and mink farming business in Hong Kong and worldwide and most of the transactions are denominated in US$ and DKK, while the Group's securities brokerage business is mainly in Hong Kong and all the transactions are entered in HK$ primarily. Hence, mainly the sales and purchases transactions in relation to the business of trading of fur skins, fur skins brokerage and mink farming expose the Group to foreign currency risk.

To mitigate the impact of exchange rate fluctuations, the Group continually assesses and monitors the exposure to foreign currency risk. The management of the Group may implement foreign currency forward contracts to hedge the exposure to foreign currency risk. As the HK$ is pegged to the US$, the Group considers the risk of movements in exchange rates between the HK$ and the US$ to be insignificant.

38. Financial Risk Management *(Continued)*

Market risk *(Continued)*

(b) Foreign currency risk *(Continued)*

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities denominated in currencies other than the respective functional currencies of the relevant group entities are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	HK$	HK$	**HK$**	HK$
Danish Krone	**229,732,303**	202,834,339	**—**	—

Sensitivity analysis

The following table demonstrates the sensitivity analysis of the carrying amounts of significant monetary assets and monetary liabilities denominated in DKK at the end of the reporting period if there was a 5% (2017: 5%) change in the exchange rate of HK$ against DKK, with all other variables held constant, to the Group's profit or loss (before tax).

	Impact of DKK 2018 HK$	Impact of DKK 2017 HK$
Increase/decrease in profit or loss for the year (before tax)	**11,486,615**	10,141,717

(c) Other price risk

The Group is exposed to risk arising from the fluctuations in price of mink skins through its investment in biological assets in mink farming business. Biological assets are measured at the fair value less cost to sell, and this measurement involves the use of current market price of mink skins. The Group manages this exposure by implementing a tight control over cost of breeding. Sensitivity analysis of 5% change in price of mink skins on biological assets is disclosed in Note 18.

(d) Inherent risks relating to biological assets

Biological assets are exposed to risks arising from the infectious diseases. The Group has strong policies and procedures in place for hygiene control. The Group's regional spread of farms allows high degree of mitigation against adverse conditions such as disease outbreaks.

38. Financial Risk Management *(Continued)*

Credit risk

At the respective reporting dates, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk on bank balances is limited because the counterparties are banks with high credit rating assigned by international credit rating agencies.

Fur skin business, fur skin brokerage business, and mink farming business

In order to minimise the credit risk of trade receivables from trading of fur skin business, fur skins brokerage business, and mink farming business (collectively refer to the "fur business"), the management of the Group reviews the recoverable amount of each individual trade debt at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significant reduced.

The Group has concentration of credit risk in trade receivables from clients in the fur business as 30% (31 March 2017: 31%) and 79% (31 March 2017: 80%) of trade receivables were due from the Group's largest customer and the three largest customers respectively within the fur business.

Securities brokerage business

The credit risk from securities brokerage business is primarily attributable to trade receivables due from clients and clearing houses without taking account of the value of any collateral obtained. Management of the regulated entity has a credit policy and a team to monitor the credit risk on an on-going basis.

In order to manage the credit risk on trade receivables due from clients, individual credit evaluation is performed on all clients including cash and margin clients. Trade receivables from cash clients are generally settled within two trading days after trade date. In order to minimise the credit risk, the regulated entity has put in place monitoring procedures to ensure that overdue debts are recovered. Accordingly the credit risk arising from the trade receivables due from cash clients is considered minimal.

38. Financial Risk Management *(Continued)*

Credit risk *(Continued)*

Securities brokerage business *(Continued)*

For margin clients, the regulated entity normally obtains liquid securities and/or cash deposits as collateral based on the margin requirements. The margin requirement is closely monitored on a daily basis by the designated team. Market conditions and adequacy of securities collateral and margin deposits of each margin account are monitored by management of the regulated entity on a daily basis. Margin calls and forced liquidation are made where necessary. In addition, the regulated entity reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, management of the Group considers that the credit risk arising from securities brokerage business is significantly reduced.

In respect of trade receivables from a clearing house, credit risk is considered low as the regulated entity normally enters into transactions with a clearing house ("CCASS") which is registered with a regulatory body.

Other than concentration of credit risk on trade receivables from a clearing house, the Group has a concentration of credit risk in securities brokerage business as 17% (31 March 2017: 11%) and 36% (31 March 2017: 27%) of trade receivables from clients were due from the Group's largest customer and the three largest customers respectively within that business.

Liquidity risk

The Group monitors its current and expected liquidity requirements regularly and ensures sufficient liquid cash and adequate committed lines of funding from reputable financial institutions are available to meet the Group's liquidity requirements in the short and long term.

The Group relies on bank borrowings as a significant source of liquidity. At 31 March 2018, the Group has banking facilities with a maximum limit of HK$189 million (2017: HK$214 million). Details of bank borrowings are set out in Note 25.

38. Financial Risk Management *(Continued)*

Liquidity risk *(Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the agreed repayment date. Specifically, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

	At 31 March 2018				
	On demand HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total HK$
Financial liabilities					
Trade and other payables	124,376,252	—	—	—	124,376,252
Bank borrowings	169,269,823	—	—	—	169,269,823
Obligations under finance leases	—	383,640	296,029	—	679,669
Corporate bond	—	—	10,000,000	—	10,000,000
Promissory note	—	—	108,800,000	—	108,800,000
	293,646,075	383,640	119,096,029	—	413,125,744

	At 31 March 2017				
	On demand HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total HK$
Financial liabilities					
Trade and other payables	104,819,571	—	—	—	104,819,571
Bank borrowings	168,652,499	—	—	—	168,652,499
Obligations under finance leases	—	281,611	384,980	—	666,591
Corporate bond	—	—	10,000,000	—	10,000,000
Promissory note	—	—	145,500,000	—	145,500,000
	273,472,070	281,611	155,884,980	—	429,638,661

38. Financial Risk Management *(Continued)*

Fair value

As at 31 March 2018, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate their fair values.

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used).

Financial asset	Fair value as at 31 March 2018 HK$	2017 HK$	Fair value hierarchy	Valuation technique(s) and key input
Available-for-sale investment	11,206,383	10,860,605	Level 2	Quoted value from financial institution

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

39. Offsetting Financial Assets and Financial Liabilities

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

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

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

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

39. Offsetting Financial Assets and Financial Liabilities *(Continued)*

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

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

	Gross amounts of recognised financial assets/ liabilities	Gross amounts of recognised financial liabilities/ assets set off in the consolidated statement of financial position	Net amounts presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		
				Financial instruments	Financial collateral pledged	Net amount
	HK$	HK$	HK$	HK$	HK$	HK$
As at 31 March 2018						
Financial assets						
Trade receivables						
– Clearing house and brokers (Note 20)	33,000,863	18,985,060	14,015,803	–	–	14,015,803
– Cash clients (Note 20)	26,453,528	14,243,138	12,210,390	12,120,247	–	90,143
– Margin clients (Note 20)	361,114,306	11,044,715	350,069,591	–	346,113,042	3,956,549
	420,568,697	44,272,913	376,295,784	12,120,247	346,113,042	18,062,495
Financial liabilities						
Trade payables						
– Clearing house and brokers (Note 24)	24,811,864	18,985,060	5,826,804	–	–	5,826,804
– Cash clients (Note 24)	46,593,599	14,243,138	32,350,461	–	–	32,350,461
– Margin clients (Note 24)	74,770,701	11,044,715	63,725,986	–	–	63,725,986
	146,176,164	44,272,913	101,903,251	–	–	101,903,251

39. Offsetting Financial Assets and Financial Liabilities *(Continued)*

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

	Gross amounts of recognised financial assets /liabilities	Gross amounts of recognised financial liabilities/ assets set off in the consolidated statement of financial position	Net amounts present in the consolidated statement of financial position	Related amounts not offset in the consolidated statement of financial position		Net amount
				Financial instruments	Financial collateral pledged	
	HK$	HK$	HK$	HK$	HK$	HK$
As at 31 March 2017						
Financial assets						
Trade receivables						
– Clearing house and brokers (Note 20)	13,207,786	12,855,970	351,816	–	–	351,816
– Cash clients (Note 20)	12,548,868	3,777	12,545,091	11,859,941	–	685,150
– Margin clients (Note 20)	221,058,789	2,705,883	218,352,906	–	207,744,510	10,608,396
	246,815,443	15,565,630	231,249,813	11,859,941	207,744,510	11,645,362
Financial liabilities						
Trade payables						
– Clearing house and brokers (Note 24)	23,421,477	12,855,970	10,565,507	–	–	10,565,507
– Cash clients (Note 24)	24,571,590	3,777	24,567,813	–	–	24,567,813
– Margin clients (Note 24)	54,215,782	2,705,883	51,509,899	–	–	51,509,899
	102,208,849	15,565,630	86,643,219	–	–	86,643,219

40. Particulars of Principal Subsidiaries

Name of subsidiaries	Place of incorporation	Paid up issued/ registered ordinary share capital HK$/US$/DKK	Percentage of equity attributable to the Company Direct	Indirect	Principal activities and place of operation
Loyal Speed Limited	British Virgin Islands	US$100	–	100%	Provision of fur brokerage and financing services/ Hong Kong
Trade Region Limited	British Virgin Islands	US$2	100%	–	Investment holdings/ Hong Kong
UKF (Denmark) A/S	Denmark	DKK500,000	–	100%	Mink farming/Denmark
UKF Finance Limited	Hong Kong	HK$1,000,000	100%	–	Money lending/Hong Kong
U.K. Fur Limited	British Virgin Islands	US$10,000	–	100%	Trading of fur skins/ Hong Kong
Pearl Bay Investments Limited	British Virgin Islands	US$1	100%	–	Investment holdings/ Hong Kong
Great Roc Capital Securities Limited	Hong Kong	HK$200,000,000	–	100%	Provision of securities brokerage services/ Hong Kong
Apex Height Investments Limited	British Virgin Islands	US$1	–	100%	Investment holdings/ Hong Kong
Great Roc Asset Management Limited	Hong Kong	HK$2,500,000	–	100%	Provision of asset management services/ Hong Kong
Great Roc Corporate Finance Limited	Hong Kong	HK$1	–	100%	Inactive/Hong Kong
Noble Zenith International Limited	British Virgin Islands	US$1	100%	–	Investment holdings/ Hong Kong
King Privilege Wealth Management Limited	Hong Kong	HK$3,600,000	–	51%	Provision of wealth management services/ Hong Kong

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

In the opinion of the directors of the Company, there is no subsidiary that has non-controlling interests individually that is material to the Group and therefore no information is disclosed for the non-wholly owned subsidiary.

41. Statement of Financial Position and Reserves of the Company

	2018 HK$	2017 HK$
Non-current assets		
Plant and equipment	**27,837**	—
Investment in subsidiaries	**8,200,016**	8,200,008
Deferred tax asset	**—**	—
	8,227,853	8,200,008
Current assets		
Other receivables and prepayment	**349,370**	203,665
Amounts due from subsidiaries	**438,442,885**	356,494,850
Loan to a subsidiary	**133,870,833**	148,986,350
Tax recoverable	**—**	594,538
Bank balances and cash	**22,488,832**	16,064,403
	595,151,920	522,343,806
Current liabilities		
Accruals	**5,734,517**	844,165
Amounts due to a subsidiary	**—**	689,098
	5,734,517	1,533,263
Net current assets	**589,417,403**	520,810,543
Total assets less current liabilities	**597,645,256**	529,010,551
Non-current liabilities		
Corporate bond	**10,000,000**	10,000,000
Promissory note	**99,244,183**	123,831,499
	109,244,183	133,831,499
Net assets	**488,401,073**	395,179,052
Capital and reserves		
Share capital	**45,569,230**	39,110,340
Reserves	**442,831,843**	356,068,712
	488,401,073	395,179,052

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 15 June 2018 and are signed on its behalf by:

Wong Chun Chau
Director

Kwok Yin Ning
Director

41. Statement of Financial Position and Reserves of the Company *(Continued)*

Movement in the Company's reserves

	Share premium HK$	Share option reserve HK$	Warrants reserve HK$	Retained profit (accumulated losses) HK$	Total HK$
At 1 April 2016	252,642,555	6,963,342	624,713	2,161,909	262,392,519
Loss and total comprehensive expense for the year	—	—	—	(138,214,243)	(138,214,243)
Exercise of share options	8,114,313	(1,657,565)	—	—	6,456,748
Issue of shares upon exercise of warrants	25,855,906	—	(624,693)	—	25,231,213
Warrants lapsed	—	—	(20)	20	—
Issue of shares by placing	35,511,000	—	—	—	35,511,000
Issue of Consideration Shares	164,691,475	—	—	—	164,691,475
At 31 March 2017 and 1 April 2017	486,815,249	5,305,777	—	(136,052,314)	356,068,712
Loss and total comprehensive expense for the year	—	—	—	(43,643,000)	(43,643,000)
Exercise of share options	12,123,075	(2,324,075)	—	—	9,799,000
Issue of shares by placing	120,607,131	—	—	—	120,607,131
Share options lapsed	—	(31,535)	—	31,535	—
At 31 March 2018	**619,545,455**	**2,950,167**	**—**	**(179,663,779)**	**442,831,843**

42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest payables from financing activities	Bank borrowings (Note 25)	Obligations under finance leases (Note 26)	Promissory note (Note 28)	Corporate Bond (Note 27)	Total
	HK$	HK$	HK$	HK$	HK$	HK$
At 1 April 2017	837,844	168,155,950	658,980	123,831,499	10,000,000	303,484,273
Changes from financing cash flows:						
Raise	—	437,135,159	255,129	—	—	437,390,288
Repayment	(4,183,324)	(444,120,983)	(351,361)	(36,700,000)	—	(485,355,668)
Other changes:						
Interest expenses	4,195,086	—	—	—	—	4,195,086
Imputed interest	—	—	—	6,954,655	—	6,954,655
Loss on early redemption	—	—	—	5,158,029	—	5,158,029
Exchange differences	10,023	7,829,778	101,552	—	—	7,941,353
At 31 March 2018	859,629	168,999,904	664,300	99,244,183	10,000,000	279,768,016

43. RECLASSIFICATION

Certain comparative figures have been reclassified or restated to conform to the current year's presentation.

FINANCIAL SUMMARY

For the year ended 31 March 2018

Results

	For the years ended 31 March				
	2014 HK$	2015 HK$	2016 HK$	2017 HK$	**2018 HK$**
Revenue	301,637,189	301,596,169	219,728,624	129,988,916	**200,268,358**
Profit (loss) before tax	39,992,696	38,072,633	(93,350,071)	(103,008,942)	**(543,322)**
Income tax credit (expense)	(4,151,429)	(1,433,480)	(1,091,701)	(1,362,764)	**(7,366,169)**
Profit (loss) attributable to owners of the Company	35,841,267	36,639,153	(94,441,772)	(104,371,706)	**(7,909,491)**

Assets and Liabilities

	For the years ended 31 March				
	2014 HK$	2015 HK$	2016 HK$	2017 HK$	**2018 HK$**
Total assets	467,256,837	521,935,027	471,132,839	840,430,983	**962,426,523**
Total liabilities	(195,785,383)	(221,178,407)	(185,007,210)	(413,454,669)	**(414,133,980)**
Non-controlling interests	—	—	—	—	**(475,492)**
Equity attributable to the owners of the Company	271,471,454	300,756,620	286,125,629	426,976,314	**547,817,051**