China Environmental Energy Investment Limited

中國環保能源投資有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 986)

Annual Report 2018

*For identification purposes only

Contents

This Annual Report, in both English and Chinese versions, is available on the Company's website at www.986.com.hk. Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of the corporate communications of the Company (the "Corporate Communications").

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Company's Hong Kong Branch Share Registrar and Transfer Office, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders who have chosen to receive the Corporate Communications in either English or Chinese version will receive both English and Chinese versions of this Annual Report since both languages are bound together into one booklet.

Corporate Information

Executive Directors

Ms. Zhou Yaying
(appointed on 26 April 2018 and re-designated as Chairman on 25 May 2018)
Mr. Wei Liang *(Chief Executive Officer)*
(appointed on 2 May 2018)
Ms. Hong Jingjuan
Mr. Tang Wing Cheung Louis
(appointed on 25 May 2018)
Ms. Chen Tong (resigned on 10 October 2017)
Mr. Xiang Liang (resigned on 10 October 2017)
Ms. Xie Yan (appointed on 10 October 2017 and resigned on 25 May 2018)
Mr. Wong Chun Hung (appointed on 11 April 2018 and resigned on 25 May 2018)

Independent Non-executive Directors

Mr. Tse Kwong Chan
Mr. Yiu To Wa (appointed on 31 July 2017)
Mr. Lau Leong Yuen (appointed on 31 July 2017)
Ms. Zhang Ruisi (retired on 11 September 2017)
Ms. Zhou Jue (retired on 11 September 2017)

Company Secretary

Mr. Chan Kin Ming (appointed on 25 May 2018)
Mr. Wong Chun Hung (appointed on 11 April 2018 and resigned on 25 May 2018)
Ms. Wan Wai Sum (appointed on 1 September 2017 and resigned on 11 April 2018)
Ms. Cheung Suk Kuen
(resigned on 1 September 2017)

Audit Committee

Mr. Yiu To Wa *(Chairman)*
(appointed on 31 July 2017)
Mr. Tse Kwong Chan
Mr. Lau Leong Yuen (appointed on 31 July 2017)
Ms. Zhang Ruisi (retired on 11 September 2017)
Ms. Zhou Jue (retired on 11 September 2017)

Remuneration Committee

Mr. Tse Kwong Chan *(Chairman)*
Ms. Zhou Yaying (appointed on 26 April 2018)
Mr. Lau Leong Yuen (appointed on 31 July 2017)
Ms. Zhou Jue (retired on 11 September 2017)
Mr. Xiang Liang (resigned on 10 October 2017)

Nomination Committee

Mr. Yiu To Wa *(Chairman)*
(appointed on 31 July 2017)
Ms. Zhou Yaying (appointed on 26 April 2018)
Mr. Tse Kwong Chan
Ms. Zhang Ruisi (retired on 11 September 2017)
Mr. Xiang Liang (resigned on 10 October 2017)

Auditor

CHENG & CHENG LIMITED
10/F., Allied Kajima Building
138 Gloucester Road
Wanchai, Hong Kong

Legal Advisor

Li, Wong, Lam & W.I. Cheung
22/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

Room 910, 9/F., Harbour Centre
25 Harbour Road, Wanchai
Hong Kong

Principal Bankers

China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Wing Lung Bank Limited

Principal Share Registrar and Transfer Office

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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

Website

http://www.986.com.hk

Stock Code

986

Chairman's Statement and Management Discussion & Analysis

I would like to report to the shareholders the annual results of China Environmental Energy Investment Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018.

FINANCIAL REVIEW

For the year ended 31 March 2018, the Group's revenue from continuing operations was approximately HK$35.22 million (2017: approximately HK$67.67 million), representing a decrease of approximately HK$32.45 million or 47.95% as compared with last year. The revenue included approximately HK$3.05 million from online products sales, provision of marketing, web design and maintenance services (the "Internet Services") business (2017: approximately HK$5.49 million), approximately HK$21.36 million from trading of gold and diamond (the "Trading of Gold and Diamond") business (2017: approximately HK$40.07 million), approximately HK$10.33 million from provision of loans as money lending (the "Money Lending") business (2017: approximately HK$20.81 million) and approximately HK$0.48 million from provision of financial advisory and intermediary services (the "Financial Services") business (2017: approximately HK$1.31 million).

Gross profit from continuing operations was approximately HK$15.76 million (2017: approximately HK$29.99 million), representing a decrease of approximately HK$14.23 million or 47.45% as compared with last year. Gross profit margin was slightly increased from approximately 44.32% to 44.76%.

Operating loss from continuing operations and discontinued operations after tax of the Group was approximately HK$337.44 million (2017: operating profit of approximately HK$27.42 million). The turn from profit to loss was mainly attributable to (a) the impairment loss of equity investment fund of approximately HK$209.95 million; (b) the net disposal loss of listed equity securities of approximately HK$68.47 million; (c) the impairment loss on listed equity securities of approximately HK$8.49 million; and (d) impairment loss on goodwill of Internet Services business of approximately HK$28.84 million.

Selling, distribution and administrative expenses incurred in continuing operations were approximately HK$28.67 million (2017: approximately HK$37.87 million), representing a decrease of approximately 24.29% as compared with last year due to cost control on entertainment and commission paid and decrease of legal and professional fee. The finance costs of continuing operations of the Group amounted to approximately HK$3.21 million (2017: approximately HK$11.70 million), representing a decrease of approximately 72.56% as compared with last year due to some of unconvertible bonds and the promissory notes were settled during the year.

For the year ended 31 March 2018, the Group was principally engaged in the businesses of Internet Services, Trading of Gold and Diamond, Money Lending and Financial Services.

FINANCIAL REVIEW (continued)

Internet Services business

During the year under review, the revenue generated from the Internet Services business was approximately HK$3.05 million (2017: approximately HK$5.49 million). Operating profit before tax and impairment loss on goodwill and trade receivables of approximately HK$0.59 million was made for the year ended 31 March 2018 (2017: approximately HK$2.67 million). The revenue of the Internet Services business was mainly attributed from the market of Mainland China. The decrease in revenue of approximately 44.44% as compared with last year. This business segment will likely continue to face challenges, competition and uncertainties in the coming years. Any events that result in a reduction in online retail and e-commerce customers could materially and adversely affect the Group's ability to maintain or increase current level of revenue, profitability and positive cash flow from operating activities in the future. In view of the abovementioned possible impact on the future earnings and business prospects of the Internet Services business, the Group recognised an impairment loss of approximately HK$28.84 million for its goodwill for the year under review (2017: approximately HK$33.13 million).

Trading of Gold and Diamond business

During the year under review, the revenue generated from the Trading of Gold and Diamond business was approximately HK$21.36 million (2017: approximately HK$40.07 million). Operating profit before tax was approximately HK$3.10 million (2017: operating profit before tax and impairment of goodwill approximately HK$3.76 million). The gross profit ratio was increased from 10.92% to 16.04% due to this business changed its strategy to focus on selling to the customers which can generate higher margin. As there is an intense competition in the market, the Group expects this business segment will continue to face more challenges in the coming years.

Money Lending business

The Group has commenced its Money Lending business in Hong Kong through a wholly owned subsidiary, Great Luck Finance Limited ("Great Luck") since March 2016. Great Luck is a company holding a money lender's license under Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). During the year under review, Great Luck had made loans to certain borrowers amounting to HK$50 million in total at the average interest rate of 20% per annum. During the year, interest income from money lending was approximately HK$10.33 million (2017: approximately HK$20.81 million). In view of the increasing demand in money lending in Hong Kong, the Group will proactively expand such business as the Directors believe that it will provide steady interest income for the Group and has been one of the focal businesses of the Group.

Financial Services business

The Group had commenced its Financial Services business in Hong Kong through a wholly-owned subsidiary, C.E. Securities and Asset Management Limited ("C.E. Securities") since August 2016. C.E. Securities contributed approximately HK$0.48 million to the Group's revenue for the year ended 31 March 2018 (2017: approximately HK$1.31 million). The Board continues to believe that the outlook of the financial services sector is positive. It is expected that C.E. Securities will also participate in providing other financial services, including but not limited to providing securities brokerage and asset management businesses, and will generate more income for the Group and enhance the shareholders' value.

FINANCIAL REVIEW (continued)

Investment in exploration and exploitation of natural resources

During the year under review, Pure Power Holdings Limited ("Pure Power"), an associate of the Group, owned 100% equity interest in a company which is principally engaged in the exploration and exploitation of natural resources in Nevada, the United States of America. The Group shared the loss of an associate of approximately HK$2.83 million (2017: approximately HK$3.24 million). On 21 June 2018, the Company entered into a sales and purchases agreement with Hongkong Dragon Well Co., Limited (the "Purchaser"), a company incorporated in Hong Kong, which is a third party independent of the Company, in relation to the disposal of approximately 23.53% of the entire issued share capital of Pure Power owned by the Company.

SIGNIFICANT INVESTMENTS

During the year under review, the Group's listed equity securities investment business recorded a net disposal loss of approximately HK$68.47 million (2017: a net disposal gain of approximately HK$33.82 million). The value of listed equity securities may be affected by the degree of volatility in Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the listed equity securities, the Group invested in an unlisted fund to diversify the Group's securities investment risk, in order to further enhance the rate of return of the Group's securities investment and broaden the investment horizon and investment level of the Group. The Group will continue to maintain a diversified investment portfolio by investing in both the unlisted fund and listed equity securities to generate long-term returns for the shareholders of the Company.

During the year, the Group has entered a subscription agreement with Henghua Global Fund SPC (the "Fund Company"), the Group has transferred of the certain listed equity securities held by the Group to the Fund Company as payment for the subscription of Henghua Global New Opportunity Fund SP II, a segregated portfolio of and, established by the Fund Company (the "Fund"), resulted a gain of HK$79.81 million in this transfer. As at 31 March 2018, the market value of the listed equity securities held by the Group was nil (2017: approximately HK$770.66 million) and the fair value of the Fund was HK$59.04 million (2017: nil).

MATERIAL ACQUISITION AND DISPOSAL

During the year ended 31 March 2018, the Company made the following material acquisition and disposal:

Acquisition and Disposal

In May 2017, the Group has entered a subscription agreement with the Fund Company, the Group has transferred of the certain listed equity securities held by the Group to the Fund Company as payment for the subscription of Fund. Upon the completion, the Group had subscribed for approximately 260,297 Class B shares of the Fund based on an aggregate market value of the listed equity securities of approximately HK$260.30 million. Such investment in the Fund is accounted for as available-for-sales investments in the Group's consolidated financial statements.

OUTLOOK

The directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the Group's net current liabilities were approximately HK$2.60 million (2017: approximately HK$21.99 million), including cash and cash equivalents of approximately HK$5.64 million (2017: approximately HK$66.97 million). Total interest-bearing borrowings amounted to approximately HK$11.80 million as at 31 March 2018 (2017: approximately HK$160 million). The Group's gearing ratio, which was net debt divided by total equity plus net debt, as at 31 March 2018 was 7.15% (2017: 11.22%).

SHARE CAPITAL AND CAPITAL STRUCTURE

On 11 July 2017, the Company entered into a deed of settlement with Mr. Xiong Wei (the "First Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$16.36 million issued by the Company on 29 January 2016, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 62,910,000 ordinary shares under the general mandate of the Company (the "First Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.26 per First Settlement Share to the First Promissory Notes Holder. Such settlement was completed on 24 July 2017. For further details of the First Settlement Shares, please refer to the announcement of the Company dated 11 July 2017.

On 31 October 2017, the Company entered into a deed of settlement with Mr. Wong Him Shun Philip (the "Second Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$35.18 million issued by the Company on 18 September 2015, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 87,000,000 ordinary shares under the general mandate of the Company (the "Second Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.40 per Second Settlement Share to the Second Promissory Notes Holder. Such settlement was completed on 13 November 2017. For further details of the Second Settlement Shares, please refer to the announcement of the Company dated 31 October 2017.

Save as disclosed above, there was no other change in the share capital and capital structure of the Company during the year ended 31 March 2018.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in Hong Kong and Mainland China, most transactions, assets and liabilities are denominated in Hong Kong Dollars and Renminbi. During the year, the Group did not enter into any derivative contracts aimed at minimising exchange rate risks, but the Group will continue to review its foreign exchange exposure regularly and might consider using financial instruments to hedge against foreign exchange exposure at appropriate times.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 31 March 2018 and 2017.

CAPITAL COMMITMENTS

The Group had no material capital commitments authorised but not provided for as at 31 March 2018 and 2017.

PLEDGE OF ASSETS

The Group did not have any pledge on its assets as at 31 March 2018 and 2017.

DIVIDEND

No dividend for the year ended 31 March 2018 (2017: Nil) is recommended by the Board.

EVENTS AFTER THE REPORTING PERIOD

On 21 June 2018, the Company, as vendor, and the Purchaser entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 2,000 ordinary shares, representing approximately 23.53% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$106,000,000. Pure Power is an associate of the Company and its wholly owned subsidiary is principally engaged in exploration and exploitation of natural resources in Nevada, the United States of America.

EMPLOYMENT AND REMUNERATION POLICY

During the year under review, the Group continued to strengthen its staff quality through staff development and training programmes. The Group had 27 employees as at 31 March 2018 (2017: 35). Remunerations are commensurate with the nature of job, staff experience and market conditions.

APPRECIATION

On behalf of the Board, I would like to express my sincere appreciation to all management and staff for their diligence and continuing support.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong, 28 June 2018

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of corporate governance in maintaining its corporate transparency and accountability. The Board sets appropriate policies and implements corporate governance practices in accordance with the needs of the Group's business.

The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

In the opinion of the Board, during the year ended 31 March 2018, the Company has complied with the code provisions set out in the CG Code, except for the code provisions A.2.1 and A.4.1. Key corporate governance principles and practices of the Company as well as the details of the foregoing deviations are summarized below.

A. THE BOARD

A1. Responsibilities and Delegation

The Board is responsible for the leadership, control and management of the Company and oversees the Group's business, strategic decisions and performances in the attainment of the objectives of ensuring effective functioning and growth of the Group and enhancing value to investors. All the directors carry out their duties in good faith and act in the interests of the Group.

All directors have timely access to all relevant information as well as the advices and services of the Company Secretary and management, with a view to ensuring compliance with Board procedures and all applicable laws and regulations. Any director may request for independent professional advice in appropriate circumstances at the Company's expense, upon reasonable request made to the Board.

The Board reserves for its decision on all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Executive Committee and the management are delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. The Board has the full support of the management to discharge its responsibilities.

A. THE BOARD (continued)

A2. Board Composition

The Board currently comprises the following directors:

Executive directors:

Ms. Zhou Yaying *(Chairman of the Board, member of the Executive Committee, Remuneration Committee and Nomination Committee)*
Mr. Wei Liang *(Chief Executive Officer and member of the Executive Committee)*
Ms. Hong Jingjuan *(Member of the Executive Committee)*
Mr. Tang Wing Cheung Louis *(Member of the Executive Committee)*

Independent non-executive directors:

Mr. Yiu To Wa *(Chairman of both the Audit Committee and Nomination Committee)*
Mr. Tse Kwong Chan *(Chairman of the Remuneration Committee, Member of the Audit Committee and Nomination Committee)*
Mr. Lau Leong Yuen *(Member of the Audit Committee and Remuneration Committee)*

Throughout the year ended 31 March 2018, the Board has met the requirements of Listing Rules 3.10 and 3.10A of having at least three independent non-executive directors (representing at least one third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

The members of the Board have skills and experience appropriate for the business requirements and objectives of the Group. The independent non-executive directors bring different business and financial expertise, experience and independent judgement to the Board and they are invited to serve on the Board committees of the Company. Through participating in Board meetings and taking the lead in managing issues involving potential conflict of interests, the independent non-executive directors have made contributions to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders.

The Company also recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board will take into account a number of measurable objectives to achieve its diversity, including but not limited to gender, age, cultural and educational background, or professional experience. Such objectives, if any, will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the Board.

The biographical details of the directors of the Company are set out under the section headed "Brief Biographical Details in respect of Directors and Senior Management" in this annual report. None of the members of the Board is related to one another.

The Company has received written annual confirmation from each independent non-executive director of his/her independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in light of the independence guidelines set out in the Listing Rules.

A. THE BOARD (continued)

A3. Chairman and Chief Executive

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual.

During the period from 1 April 2017 to 10 October 2017, Ms. Chen Tong ("Ms. Chen") has held the positions of Chairman and Chief Executive Officer of the Company and Ms. Chen resigned on 10 October 2017. Following the resignation of Ms. Chen, Ms. Xie Yan ("Ms. Xie") has held the positions of Chairman and Chief Executive Officer of the Company until to 25 May 2018 and 2 May 2018, respectively, and Ms. Xie resigned on 25 May 2018. Ms. Chen and Ms. Xie have extensive experience in management experience. The Board believes that it is in the interests of the Group to have an executive Chairman with in-depth management experiences to guide discussion among Board members on the Group's development and planning, as well as to execute business strategies of the Group.

On 26 April 2018, the Company appointed Ms. Zhou Yaying ("Ms. Zhou") as an executive Director and member of the Remuneration Committee and Nomination Committee. Following the resignation of Ms. Xie, Ms. Zhou has been re-designated as the Chairman of the Board on 25 May 2018. On 2 May 2018, the Company appointed Mr. Wei Liang ("Mr. Wei") as an executive Director. Following the resignation of Ms. Xie, Mr. Wei has been appointed as the Chief Executive Officer on that day.

Therefore, the Company has complied with the provision of Code A.2.1 as from the date of 2 May 2018.

A. THE BOARD (continued)

A4. Appointment and Re-election of Directors

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws (the "Bye-laws"). According to the Bye-laws, one-third of the directors for the time being (if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting provided that every director shall be subject to retirement at an annual general meeting at least once every three years. In addition, any new director appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the first general meeting after appointment. The retiring directors are eligible for re-election by the shareholders at the respective general meetings.

Code provision A.4.1 of the CG Code stipulates that non-executive directors of a listed issuer should be appointed for a specific term, subject to re-election. Mr. Yiu To Wa and Mr. Lau Leong Yuen who are the new independent non-executive directors of the Company and both appointed on 31 July 2017 and Ms. Zhang Ruisi, an independent non-executive director who retired on 11 September 2017, are engaged for a term of 1 year, which are automatically renewable for successive term of one year upon the expiry of the then current term; whereas the other independent non-executive directors of the Company, namely Mr. Tse Kwong Chan and Ms. Zhou Jue who retired on 11 September 2017, are not appointed for a specific term. However, all of the Company's independent non-executive directors are subject to retirement by rotation and re-election by shareholders at the annual general meeting pursuant to the Bye-laws provisions as mentioned above. Accordingly, the Board considers that the Company meets the objective of the code provision A.4.1.

A5. Induction and Continuing Development for Directors

Each newly appointed director receives induction on the first occasion of his/her appointment, so as 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 legal and regulatory requirements.

All the directors understood the importance of continuous professional development and were committed to participate any suitable training or read relevant materials in order to maintain and enhance their knowledge and skills. They are continually updated with legal and regulatory developments, and the business and market changes to refresh their knowledge and to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors are arranged whenever necessary. In addition, reading materials on new or changes to salient laws and regulations applicable to the Group are provided to directors from time to time for their studying and reference.

During the year ended 31 March 2018, pursuant to code provision A.6.5 of the CG Code, all directors (being Ms. Chen Tong (resigned on 10 October 2017), Mr. Xiang Liang (resigned on 10 October 2017), Ms. Hong Jingjuan, Ms. Xie Yan, Mr. Yiu To Wa, Mr. Lau Leong Yuen, Ms. Zhang Ruisi (retired on 11 September 2017), Mr. Tse Kwong Chan and Ms. Zhou Jue (retired on 11 September 2017)) received regular briefings and updates from the Company Secretary on the Group's business, operations and corporate governance and compliance matters; and read publications, journals, books and other reading materials in relation to regulatory updates, financial reporting and corporate management.

A. THE BOARD (continued)

A6. Directors' Attendance Records

The attendance records of each director at the Board and Board committee meetings and the general meetings of the Company held during the year ended 31 March 2018 are set out below:

	Attendance/Number of Meetings					
Name of Director	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee Meeting**	**Nomination Committee Meeting**	**Annual General Meeting**	**Special General Meeting**
Executive directors:						
Ms. Xie Yan (Note ii)	9/9	1/1	N/A	N/A	N/A	N/A
Ms. Hong Jingjuan	16/18	1/1	N/A	N/A	1/1	0/1
Ms. Chen Tong (Note i)	7/7	N/A	N/A	N/A	1/1	0/1
Mr. Xiang Liang (Note i)	6/7	N/A	2/2	2/2	0/1	1/1
Independent non-executive directors:						
Mr. Tse Kwong Chan	16/18	3/3	3/3	3/3	1/1	1/1
Mr. Yiu To Wa (Note iv)	14/15	1/1	N/A	1/1	1/1	N/A
Mr. Lau Leong Yuen (Note iv)	14/15	1/1	1/1	N/A	1/1	N/A
Ms. Zhang Ruisi (Note iii)	5/5	2/2	N/A	2/2	1/1	1/1
Ms. Zhou Jue (Note iii)	4/6	2/2	2/2	N/A	0/1	0/1

Note:

i. Resigned on 10 October 2017.

ii. Appointed on 10 October 2017 and resigned on 25 May 2018.

iii. Retired on 11 September 2017.

iv. Appointed on 31 July 2017.

In addition, the Chairman of the Board held a meeting with the non-executive directors without the presence of executive directors during the year under review.

A. THE BOARD (continued)

A7. Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the Company's securities (the "Own Code"). Having made specific enquiry of all the Company's directors, they confirmed that they have complied with the required standard set out in the Own Code throughout the year ended 31 March 2018.

The Company has also established written guidelines on terms no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to possess inside information of the Company and/or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Where the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

A8. Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has performed corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of the directors and management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Own Code and the Employees Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

A9. Directors' Insurance

The Company has arranged appropriate insurance cover in respect of the legal action against the directors.

B. BOARD COMMITTEES

The Board has four Board committees, namely, the Executive Committee, the Remuneration Committee, the Audit Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference which are available on the Stock Exchange's website (www.hkexnews.hk) and on the Company's website (except for the written terms of reference of the Executive Committee which is available to shareholders upon request). All the Board committees should report to the Board on their decisions or recommendations made.

All Board 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.

B1. Executive Committee

The Executive Committee currently comprises all the executive directors of the Company with the Chairman of the Board, Ms. Zhou Yaying, acting as the chairman of such Committee. The Executive Committee operates as a general management committee under the direct authority of the Board to increase the efficiency for the business decisions. It monitors the execution of the Company's strategic plans and operations of all business units of the Group and discusses and makes decisions on matters relating to the management and day-to-day operations of the Company.

B2. Remuneration Committee

The Remuneration Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen, the Company's independent non-executive directors. The majority of the Remuneration Committee members are independent non-executive directors. The chairman of the Remuneration Committee is Mr. Tse Kwong Chan.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

During the year under review, the Remuneration Committee has performed the following major works: reviewed the remuneration policy and structure of the Group and made recommendation to the Board; reviewed the remuneration packages of the directors and management; considered and recommended to the Board on the remuneration package for Ms. Xie Yan upon her appointment as an executive director of the Company and Mr. Yiu To Wa and Mr. Lau Leong Yuen upon their appointment as independent non-executive directors.

B. BOARD COMMITTEES (continued)

B2. Remuneration Committee (continued)

The attendance records of each Committee member at the three Remuneration Committee meetings held during the year ended 31 March 2018 are set out in section A6 above.

The senior management of the Company are the directors of the Company. Details of the remuneration of each director of the Company for the year ended 31 March 2018 are set out in Note 10 to the consolidated financial statements contained in this annual report.

B3. Audit Committee

The Audit Committee currently comprises a total of three members, being the three existing independent non-executive directors, namely Mr. Yiu To Wa, Mr. Tse Kwong Chan and Mr. Lau Leong Yuen. The chairman of the Audit Committee is Mr. Yiu To Wa. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee are reviewing the financial information and reports of the Group and considering any significant or unusual items raised by the financial officers of the Group or external auditor before submission to the Board; reviewing the relationship with and the terms of appointment of the external auditor and making relevant recommendation to the Board; and reviewing the Company's financial reporting system, internal control system and risk management system.

During the year under review, the Audit Committee has performed the following major works:

– Reviewed and discussed the annual financial statements, results announcement and report for the year ended 31 March 2017, the related accounting principles and practices adopted by the Group and the relevant audit findings, and the major audit issues reported by the auditor before submission to the Board.

– Reviewed and discussed the interim financial statements, results announcement and report for the six months ended 30 September 2017, and the related accounting principles and practices adopted by the Group.

– Reviewed the relationship with the external auditor by reference to the work performed by the auditor, audit fees and terms of engagement, and make recommendation to the Board on the re-appointment of external auditor.

– Reviewed the internal control and risk management matters and internal audit function of the Group, and made recommendation to the Board.

The attendance records of each Committee member at the three Audit Committee meetings held during the year ended 31 March 2018 are set out in section A6 above.

B. BOARD COMMITTEES (continued)

B3. Audit Committee (continued)

The Audit Committee met regularly with the Company's external auditor to discuss issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditor.

B4. Nomination Committee

The Nomination Committee currently comprises a total of three members, being Ms. Zhou Yaying, the Company's executive director, Mr. Yiu To Wa and Mr. Tse Kwong Chan, the Company's independent non-executive directors. The majority of the Nomination Committee members are independent non-executive directors. The chairman of the Nomination Committee is Mr. Yiu To Wa.

The principal responsibilities of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and recommending any changes to the Board; identifying qualified and suitable individuals to become Board members and selecting and making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of independent non-executive directors; and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors in particular, the Chairman and the Chief Executive Officer of the Company.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills, professional knowledge of the candidate and the amount of time and effort that the candidate will devote to carry out his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year under review, the Nomination Committee has performed the following major works: (i) reviewed the structure, size and composition 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; (ii) made recommendation to the Board on the re-election of the retiring directors at the 2017 annual general meeting; (iii) assessed the independence of all the Company's independent non-executive directors; and (iv) considered and made recommendation to the Board on the appointment of Ms. Xie Yan as an executive director of the Company and appointment of Mr. Yiu To Wa and Mr. Lau Leong Yuen as independent non-executive directors.

The attendance records of each Committee member at the three Nomination Committee meetings held during the year ended 31 March 2018 are set out in section A6 above.

C. DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 March 2018.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

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

D. RISK MANAGEMENT AND INTERNAL CONTROLS

Risk management forms part of management's core responsibility and is an integral part of the internal control of the Group.

The Board acknowledges its responsibility for risk management and internal control systems to safeguard the Group's assets and stakeholders' interests, as well as to provide reliable financial information for internal and external use together with compliance of applicable laws, rules and regulations. The Board also acknowledges its responsibility for reviewing the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk management framework

The Group's risk management and internal control systems are designed to manage and mitigate risks, rather than eliminate risks. Risk assessment and internal control management is a critical focus for all levels, including but not limit to financial, operational and compliance controls.

The Group's risk management framework and principles are applied through a hybrid of top-down and bottom-up processes. The top-down risk assessment process captures management's perspective of risks across strategic horizons, while the bottom-up process involves the identification of risks at all operating and supporting functions areas. Results from the two risk assessments are consolidated to give a broader understanding of the Group's consolidated risk profile.

Risk management process

The risk management and internal control process involves identification, assessment, internal control, mitigation and monitoring as follows:

1. ***Identification***

   It identifies the potential risks or opportunities that may arise.

D. RISK MANAGEMENT AND INTERNAL CONTROLS (continued)

Risk management process (continued)

2. Assessment

It follows events identification and precedes risk response. Its purpose is to assess how the risks are, both individually and collectively, in order to draw management's attention to the most important threats and opportunities, and to lay the groundwork for risk response.

3. Internal Control

It is decided on a course of action to address the risks identified, to ensure that an issue may not be developed, where the potential threat is realized. The Group's internal control system includes policies and procedures covering compliance controls, project development, business control, financial reporting, budgeting and human resources system to enhance the risk awareness culture as well as the effectiveness in handling risks that have been identified and assessed.

4. Mitigation and monitoring

Mitigation and monitoring processes ensure appropriate risk responses and controls are in place, and are reviewed yearly by the Board and Audit Committee.

All levels of management work together to maintain and improve risk management and internal control framework that lowers risks to an acceptance level and assist the Group in achieving its goals and objectives.

Review of risk management & internal control systems

The Group also engaged external consultants to carry out an annual independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational and compliance controls together with recommendations submitted to the Audit Committee for their consideration in order to improve the effectiveness of the systems.

The Board, through its review and the review made by risk management and internal control function and Audit Committee of the Company, concluded that the risk management and internal control systems for the year ended 31 March 2018 were effective and adequate, covering the adequacy of resources, staff qualifications and experience, training programs and budget of the Group's accounting, internal audit and financial reporting functions.

Regarding the handling and dissemination of inside information, the Group has practice policy in place.

E. COMPANY SECRETARY

On 1 September 2017, Ms. Cheng Suk Kuen resigned and Ms. Wan Wai Sum was appointed as the Company Secretary of the Company during the year. They have complied with Rule 3.29 of the Listing Rules by taking relevant professional training during the year under review.

F. EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the Company's financial statements for the year ended 31 March 2018 is set out in the section headed "Independent Auditor's Report" in this annual report.

The fees paid/payable to CHENG & CHENG LIMITED, the Company's external auditor, in respect of audit services and non-audit services for the year ended 31 March 2018 are analysed below:

Type of services provided by the external auditor	Fees paid/payable (HK$)
Audit services – Annual audit for the year ended 31 March 2018	840,000

G. COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognizes the importance of transparency and timely disclosure of its corporate information, which enables shareholders and investors to make the best investment decision.

The Company maintains a website at www.986.com.hk, as a communication platform with shareholders and investors, where information and updates on the Company's financial information and other information are available for public access. Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
Fax no.: (852) 2536 0289

Inquiries are dealt with in an informative and timely manner.

Besides, shareholders' meetings provide an opportunity for communication between the Board and the shareholders. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

H. SHAREHOLDER RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene a special general meeting or put forward proposals at shareholders' meetings pursuant to the Companies Act 1981 of Bermuda and the Bye-laws as follows:

(1) Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting pursuant to Bye-law 58 of the Bye-laws by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in Hong Kong. The objects of the meeting must be stated in the written requisition.

(2) Shareholder(s) representing not less than one-twentieth of the total voting rights at the date of the requisition or not less than 100 shareholders may put forward a proposal at a shareholders' meeting, pursuant to the Companies Act 1981 of Bermuda, by sending a written requisition to the Board or the Company Secretary at the Company's registered office/principal place of business in Hong Kong. The proposal should be stated in the written requisition and such written requisition should be submitted as early as practicable to enable the Company to make necessary arrangement (in case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and in case of any other requisition, not less than one week before the meeting).

(3) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in Hong Kong, or the office of the Company's branch share registrar at least 7 days prior to the date of the general meeting. Where the notices are submitted after the dispatch of the notice of the general meeting, the period for lodgement of such notices should commence on the day after the dispatch of the notice of such general meeting and end no later than 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must provide their full name, contact details and identification, in the originally signed written requisition, notice or statement (as the case may be), in order to give effect thereto. Information of shareholder(s) may be disclosed as required by law.

During the year under review, the Company has not made any changes to the Bye-laws. An up-to-date version of the Bye-laws is available on the websites of the Company and the Stock Exchange. Shareholders may refer to the Bye-laws for further details of their rights.

All resolutions put forward at shareholders' meetings of listed issuers shall be voted by poll pursuant to the Listing Rules. The poll voting results shall be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.986.com.hk) after a shareholders' meeting.

Environmental, Social and Governance Report

PREPARATION BASIS AND SCOPE

As a company based and principally serve in Hong Kong, the Group is fully committed to environment protection, socially responsible and equipped with the strictest corporate governance. In pursuant to the requirement of the Environmental, Social and Governance Reporting guide ("Environmental, Social and Governance Guide") in Appendix 27 of the Rules Governing the Listing of Securities from the Stock Exchange of Hong Kong Limited, the Group has prepared the 2017-2018 Environmental Social and Governance Report (the "ESG Report"), covering business segments throughout the Group.

The scope of this report will cover the Group's initiatives on introducing the concept of Environmental, Social and Governance ("ESG") to our internal and external stakeholders, putting them into practices to our daily operations and disclosing results as a year-end summary over this covered period. It is also the intention of our management to provide an overview of our Group's direction in managing ESG related issues, driving for ESG initiatives throughout the Group, and communicating our ESG performance result with our stakeholders.

REPORTING BOUNDARY & PERIOD

The reporting boundary shall cover our operation activities throughout the Group, and the reporting period of this report shall cover the date from 1 April 2017 to 31 March 2018.

ABOUT US

The Group is principally engaged in Internet Services, Trading of Gold and Diamond, Money Lending and Financial Services. The Group will continue, and proactively, identifying profitable investment opportunities and suitable investment opportunities in the future, and aiming to broaden its revenue streams and diversify its business portfolio.

At present, the Group's organisation is structured as the followings:

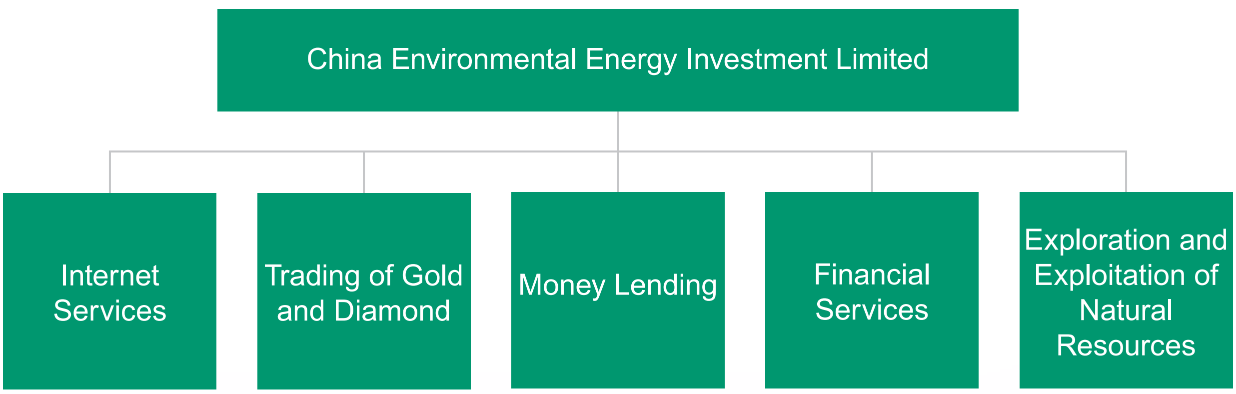

Table 1. Company Organisational Structure

STAKEHOLDER ENGAGEMENT

The Group values relationship with our customers and suppliers, and it strives to achieve corporate sustainability by providing our customers with the best products, and welcoming comments for improvement from all stakeholders. The below table presents key stakeholders of the Group as well as how the Group communicate with them through a variety of engagement channels during the year.

Internal Stakeholders	External Stakeholders
• The Board • Management • Administrative Executives • General Staff	• Shareholders • Investors • Customers • Governments • Media • Local Community Groups • Non-Governmental Organizations
Engagement methods: Meetings, interviews direct mail, staff performance appraisal interviews, internal publications, Annual General Meeting (“AGM”), special general meetings and announcements.	

Table 2. Engaged Stakeholder list and methods

The Group engaged and commissioned a professional firm on drafting the ESG Report, and the firm conducted a materiality analysis in the form of a management interview during the drafting process. Particular sustainability related issues, which are material to the Group, were identified during the process, and result shall be disclosed in later part of this ESG Report.

Since the business operations of the Group affect different stakeholders, different category of stakeholders may have different expectations on the Group. To enhance the materiality analysis, the Group will continue to expand stakeholder engagement to collect a diverse range of stakeholders’ views through various channels. At the same time, the Group will consider advancing the reporting principles of quantitative, balance and consistency, in order to present the report in a way that continues to improve alignment with stakeholder expectations.

ENVIRONMENT

The Group aims to generate revenue for our shareholders, provide the best products and services to our clients. As the majority of the Group's business activities are Trading of Gold and Diamond, Money Lending and Financial Services to our clients, and thus our Group did not pose significant impact to the environment. However, our senior management actively seek for opportunity contributing to environmental protection, and our offices are advised to minimize on impacts to the local environment as much as possible (ie: use of natural resources).

Our business activities involved mainly within the HKSAR boundary, and our Group's identified environmental issues involved during this reporting period were mainly on electricity, water and papers. Our business does not involve in the production-related air, water, or land pollutions, which are regulated under Hong Kong laws and regulations, and thus do not expose to any material impact in these aspects. In addition, our internal environmental protection awareness programme consistently reminds and encourage our employees, and to our clients, to improve on environmental performance all together.

Air Emission

The Group examined the issue of air emission across our operation, and the result indicated no significant impact could be reported. Due to our business nature, the Group did not involve with any combustion process, or industrial activities that could lead to direct air pollutant emission to the atmosphere. The Group thus concluded that there is no material impact found, through direct air emission, to the environment from our operation.

The Group will continue monitoring our operation activities and ensuring our air emission will be maintained at this level and to disclosure further information as changes occur.

Carbon Emission

As discussed in the previous ESG Report, the Group is actively measuring the in-direct carbon emission, and in particularly reducing our overall carbon footprint. As a first step, the Group estimated our annual carbon footprint for this reporting year. Data, such as electricity consumption and emission factor were utilized for the assessment (data on electricity consumption and the carbon intensity factor are available on the electricity bill and the sustainability report from the electricity provider respectively). With this information available to us, the Group looks to further investigate and work with our employees and external stakeholders on enhancing our overall performance and minimise our future carbon footprint. Further information and progress will be disclosed in the subsequent ESG Report.

As a summary, and based on our electricity and petroleum consumption alone, the carbon footprint for the Group in this reporting year was 9.5tCO_2e.

ENVIRONMENT (continued)

Waste Management

As the Group offered mainly in the context of client services, the Group is not involved or generate any form of hazardous waste, and as a socially responsible corporation, the Group is still cautious on managing the limited daily operation waste. Senior management constantly reminds employees to be careful on handling and reducing waste from daily operation. Waste reduction measures promoted throughout our operations were paper recycling, and the appropriate use of recycled paper in our workplaces. Other promoted waste reduction actions such as:

- Use of electronic communication channels for information sharing;
- Adopt to double-sided printing and photocopying;
- Reuse paper that are used on one side for drafting, photocopying and fax deliveries;
- Utilise paper by adjusting document's margins, font size and printer settings; and
- Avoid using paper cups.

Our staff were provided with green tips, encouraging for an effective operation to reduce our waste generation (to communicate on the e-platform, or to utilize handkerchief or hand dryers for the reduction on tissue or paper towel). The effort was well received and was supported by our staff.

As a summary, the Group has generated approximately 18,500L of non-hazardous daily operation waste in this reporting period.

Use of Resources

As an environmental friendly company, the Group is actively promoting the culture of "Green Office" to our staff, and particularly on efficient electricity and water consumption as our primary focuses.

Initiatives such as adopting to energy conservation practices were successfully implemented in our offices throughout the year, and green tips were provided to our employees as constant reminders for responsible use of natural resources.

ENVIRONMENT (continued)

Resources Conservation

The Group understands a fair amount of natural resources is consumed from our operation, leading to significant impacts to the environment. With this in mind, the Group is cautious about our consumption, and especially on electricity and water use and trying to conserve and to minimise our consumption footprint.

Notices on energy saving were issued to raise the awareness of our staff on energy conservation, whereas tips such as the followings were advised:

- Adjust air conditioners' temperature to 25.5°C;
- Switch off all electronic devices during lunch hours and when leaving office;
- Use stairs instead of lifts when possible; and
- Set computers on energy saving modes.

In addition to our effort on energy conservation, and although the Group is supplied with water from the landlord, the Group worked with our employees on water conservation measures. Notices were posted nonetheless to remind our staff to:

- Control water flow at the tap to avoid over usage;
- Turn off tap when applying soap; and
- Perform regular maintenance on water taps.

As a summary, and after a careful and diligent effort, the Group reported a total consumption of natural resource in this reporting period as the followings:

Summary 2017-2018 Resource Consumption Data	
Electricity Consumption (kWh)	12,845
Non-hazardous Waste (L)	18,500
Electricity Consumption Intensity (kWh/client)	210
Petroleum (L)	1,060
Paper Consumption (kg)	103

Table 3. 2017-2018 Resource Consumption Summary

SOCIAL

The daily operation of the Group involves our team of professionals and qualifying employees serving distinguishable clients, and treating our staff equally and fairly, and complying to laws and regulations have always been one of the Group's guiding principles. The Group will monitor and improve in areas as needed, and continue to grow sustainably and in a socially responsible manner.

Our People and Remuneration

The Group regards its employees as the most valuable assets and the foundation of business growth, as it believes a balanced workforce is as crucial for building a sustainable business model and delivering long term returns. The Group aims to provide employees with a healthy and respectful working environment, and with a customised human resource policy was designed for our employees, covering aspects of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

The Group enters into written employment contracts with all employees that sets out the employees' responsibilities, remuneration and grounds for termination of employment. Our staff handbook is issued and provided as a guidance for our employees, and stating the goals, policies and procedures of the Group as well as employees' conducts.

Remuneration Committee

To ensure our remuneration scheme stays competitive, our Group had established a Remuneration Committee, and with its role and function set out in specific written terms of reference in accordance with the provisions set out in the CG Code. The principal duties of the Remuneration Committee are making recommendations to the Board on the Company's remuneration policy and structure, the remuneration packages of executive directors and members of senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code is adopted) and the remuneration of non-executive directors. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Group as well as market practice and conditions.

The Remuneration Committee will meet regularly to review the policy for the remuneration of the Group, and making recommendations to senior management when necessary.

Remuneration

The Group offers competitive compensation and benefits of employees according to their job requirements and individual performance, and bonus shall be awarded to employees whom served for a full year as an encouragement for hard work. The Group also provides general medical insurance to its employees which covers in/out-patient and Chinese medicine treatment. To ensure the Group's competitiveness, our remuneration policy, regularly updated by the Group's Remuneration Committee, was designed ensuring a clear but yet flexible guideline to accommodate all of our employees, with different types of job duties, enjoy a consistent set of benefits accordingly. In order to enhance employees' sense of belonging and team spirit, the Group organises activities regularly and encourages all employees to participate.

SOCIAL (continued)

Retirement Benefit Scheme

The Group participates in Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance ("Pension Scheme") for all qualifying employees employed.

During the reporting period, total contributions paid or payable to the Pension scheme by the Group amounted to approximately HK$310,000 which had been recognised as expenses and included in staff costs in the consolidated statement of profit or loss and comprehensive income.

Occupational Health and Safety

Operational health and safety is treated as one of the top priorities in the Group, and it strives to maintain a high occupational safety and health standard, ensuring a safe and comfortable working environment. Our employees are advised to take extra attention in the daily operation to avoid occupational-related accident, and our senior management consistently offers safety tips and recommends maintaining appropriate conduct during operation.

In summary, and during this reporting period, the Group had no material non-compliance breach with relevant standards, rules and regulations, and with no major accident were encountered during operation.

Equal Opportunities, Diversity And Anti-Discrimination

As an equal opportunity employer, the Group treats all employees on an equal footing in matters related to recruitment, remuneration and promotion. The Group ensures that employees are not discriminated or harassed against on their gender, race, physical disability, marital status, religion, political opinion or sexual orientation. The following charts indicated the diversity of our workforce in this reporting period.

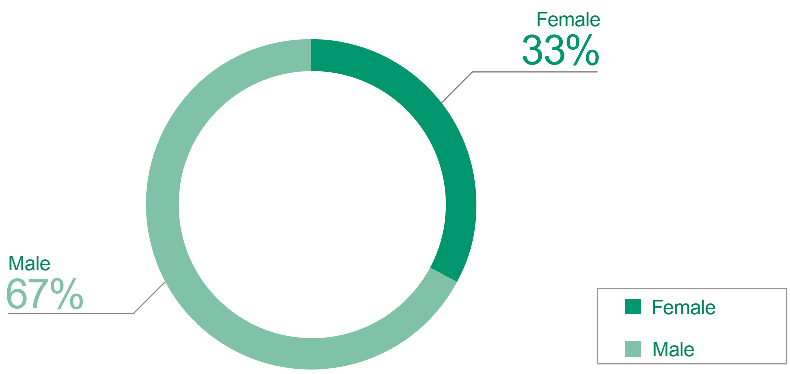

Chart 1. The Group's gender distribution (as of 31 March 2018)

To maintain an equal opportunity workplace, the Group has also established a grievance mechanism for employees, as well as suppliers and customers, to report any discrimination or harassment to department heads and/or to the human resources department. All cases are treated confidentially and in a timely manner.

As a result, and the Group is happily to report no material non-compliance with laws and regulations regarding employment and labour practices can be found in this reporting period.

SOCIAL (continued)

Labour Standards

The Group is fully aware that child labour and forced labour violate fundamental human rights, transgress. International Labour Conventions and also pose threat to sustainable social and economic development.

In this financial period, the Group not only strictly complies with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Employee's Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), the Labour Law in the PRC and other relevant laws and regulations, but also establishes standards, grievance and communication mechanisms with reference to The International Bill of Human Rights. The Group prohibits the use of child labour by reviewing the actual age of job applicants in the recruitment process, which includes the examination of identity documents. The Group is also committed to prohibiting forced labour so that the Group can provide an effective and appropriate grievance mechanism for issues related to the breach of labour rights.

During the reporting period, the Group did not identify any cases related to child labour or forced labour in the reporting scope.

Development & Training

The Group recognises the importance for its employees pursuing professional trainings to enhance their technical knowledge, and keeping abreast of the latest developments of the financial market for our Securities and Asset Management business.

The Group also observes the Guidelines on Continuous Professional Training set out under section 399 of the SFO, Cap. 571. The Group supports and encourages its directors, responsible officers, licensed representatives and employees in fulfilling their respective professional training requirements, encouraging them to attend trainings and industry updates organised by various professional bodies.

For other business units, a comprehensive training management system was designed to accommodate needs for different types of employees. On top of organising introduction training for new recruits, the Group arranges training for senior staff in order to help team bonding and communications within the team.

Apart from internal training programmes, employees are encouraged to enrol in external training relevant to their work. To support its employees to further develop their competencies, the Group provides sponsorships for such training programmes.

Product Responsibility

The Group strives to maintain high customer satisfaction and foster mutually beneficial relationships by providing quality and reliable products and services. Securing customer information is essential in maintaining good corporate governance and building long-term trust with our customers.

The Group has strictly complied with relevant products and services related regulations. The financial products and services provided will be explained to customers together with the underlying risks derived from that financial products and services in order to facilitate their financial decision-making process. Information that the Group provides to customers does not contain any misleading content.

During the reporting period, the Group did not identify any non-compliance with laws and regulations related to health and safety, advertising, labelling and privacy matters relating to products and services provided in the reporting scope.

SOCIAL (continued)

Supply Chain Management

It is the Group's objective to build lasting and constructive relationships with partners in its supply chain. The Group's internal control policy provided procedures for supplier selection and engagement are formulated to ensure fairness and openness. Procurement and tender processes are based solely upon price, quality and needs.

Looking forward, the Group intends to evaluate supply chain performance in environmental and social aspects, and conducts appropriate compliance assessment in order to reduce operation risk and protect rights and interests of all parties.

Anti-Corruption & Compliance on Data Privacy

The Group commits to managing all business without undue influence and has regarded honesty, integrity and fairness as its core values. The Group is obliged to comply with various ordinances, rules and guidelines including but not limited to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong), the Guideline on Anti-Money Laundering and Counter-Terrorist Financing issued by the Securities and Futures Commission.

The Group's Code of Conduct provides guidelines to assist employees in protecting customers' information. Employees are prohibited from disclosing or using any information without the Group's written consent. The Group also conducts compliance assessment to protect customers' rights and interests if necessary.

In addition, all directors and employees are required to strictly follow the Code of Conduct and Staff Regulations to prevent potential bribery, extortion, fraud and money laundering.

During this reporting period, the Group was unware of any action that non-compliance to legal regulation, and related to corruption, bribery, extortion, fraud and money laundering.

COMMUNITY

The Group understands the importance of our business is to both generate and bring in profit to our shareholders, and being socially responsible to care, serve and give back to our community wherever is needed at the same time.

In this reporting period, the Group donated a total sum of HK$3,000 to the Hong Kong Buddhist Education Foundation Ltd. in support of their community services. Our senior management consistently seeking out to support social initiatives, and will continue to look for opportunity to contribute to the local development as necessary and appropriate.

Report of the Directors

The directors present their annual report and the audited financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in Note 44 to the consolidated financial statements.

BUSINESS REVIEW

The business review, including an analysis of the Group's performance during the year using financial key performance indicators and an indication of likely future development in the Group's business, is set out in "Chairman's Statement and Management Discussion and Analysis" of this annual report. Description of the principal risks and uncertainties facing by the Company can be found throughout this annual report, particularly in Notes 41 and 42 to the consolidated financial statements. These discussions form part of this "Report of the Directors".

RESULTS

The Group's loss for the year ended 31 March 2018 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 45 to 130.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified and restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**35,220**	68,679	44,626	52,710	61,658
(Loss)/profit before tax	**(339,946)**	28,182	(103,655)	(151,560)	(1,423,229)
Income tax credit	**2,508**	761	265	392	316
(Loss)/profit for the year	**(337,438)**	27,421	(103,390)	(151,168)	(1,422,913)

SUMMARY OF FINANCIAL INFORMATION (continued)

	At 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total non-current assets	**350,603**	1,047,178	1,142,540	583,053	302,609
Current assets	**19,119**	163,949	272,886	354,042	49,254
Current liabilities	**(21,715)**	(185,942)	(265,811)	(319,812)	(173,312)
Net current (liabilities)/assets	**(2,596)**	(21,993)	7,075	34,230	(124,058)
Total assets less current liabilities	**348,007**	1,025,185	1,149,615	617,283	178,551
Non-current liabilities	**(10,158)**	(12,448)	(51,723)	(41,583)	(28,238)
Net assets	**337,849**	1,012,737	1,097,892	575,700	150,313

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group's businesses are mainly carried out by the Company's subsidiaries established in Hong Kong, the Peoples's Republic of China ("PRC") and the British Virgin Islands while the Company itself is incorporated in Bermuda with its shares listed on the Stock Exchange. Our establishment and operations shall comply with relevant laws and regulations in Bermuda, Hong Kong, the PRC and the British Virgin Islands accordingly.

ENVIRONMENTAL PROTECTION POLICY

Details of the environmental protection policy and performance of the Group for the year ended 31 March 2018 are set out in the section headed "Environmental, Social and Governance Report" of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in Note 16 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

On 11 July 2017, the Company entered into a deed of settlement with Mr. Xiong Wei (the "First Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$16.36 million issued by the Company on 29 January 2016, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 62,910,000 ordinary shares under the general mandate of the Company (the "First Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.26 per First Settlement Share to the First Promissory Notes Holder. Such settlement was completed on 24 July 2017. For further details of the First Settlement Shares, please refer to the announcement of the Company dated 11 July 2017.

On 31 October 2017, the Company entered into a deed of settlement with Mr. Wong Him Shun Philip (the "Second Promissory Notes Holder"), a holder of the promissory notes with principal amounts and accrued interests of approximately HK$35.18 million issued by the Company on 18 September 2015, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 87,000,000 ordinary shares under the general mandate of the Company (the "Second Settlement Shares") of par value of HK$0.10 each in the share capital of the Company at the issue price of HK$0.40 per Second Settlement Share to the Second Promissory Notes Holder. Such settlement was completed on 13 November 2017. For further details of the Second Settlement Shares, please refer to the announcement of the Company dated 31 October 2017.

On 11 September 2017, the share option scheme has been refreshed by shareholders at the annual general meeting. For further details of the refreshment of share option scheme, please refer to the Note 32 of the consolidated financial statements.

Details of movements in the Company's share capital and share options during the year are set out in Notes 31 and 32 to the consolidated financial statements, respectively.

EQUITY-LINKED AGREEMENTS

Save as the Company's share option scheme disclosed in Note 32 to the consolidated financial statements, no equity-linked agreements were entered into by the Company during the year and subsisted at the end of the year.

PRE-EMPTIVE RIGHTS

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

DONATION

During the year, the Group made charitable donations amounting to HK$3,000.

PURCHASE, REDEMPTION OR SALE OF LISTED EQUITY SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed equity securities during the year.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company does not have any reserves available for cash distribution and/or distribution in specie. In addition, the Company's share premium account in the amount of approximately HK$2,642,863,000 may be distributed in the form of fully paid bonus shares.

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the period under review, the sales attributable to the Group's five largest customers accounted for approximately 71.79% of the total sales for the year and sales to the largest customer included therein amounted to approximately 36.76%.

During the period under review, the purchases attributable to the Group's five largest suppliers accounted for approximately 99.97% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 87.87%.

None of the directors of the Company or any of their close associates or any shareholders (which, to the knowledge of the directors, own more than 5% of the number of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers or customers.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's businesses cannot be achieved without the support from stakeholders. The Group has always paid attention to and maintained a good relationship with its customers by providing customer-oriented services. To achieve our best products and services to our customers, the Group is striving to maintain good relationship and close communication with suppliers for continual improvement of both products and services provided. The Group also values the knowledge and skills of employees. Competitive remuneration package is offered to retain high-calibre employees and make sure that their performance goals are aligned with the Group's business objectives.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive Directors

Ms. Zhou Yaying	(appointed on 26 April 2018)
Mr. Wei Liang	(appointed on 2 May 2018)
Ms. Hong Jingjuan	
Mr. Tang Wing Cheung Louis	(appointed on 25 May 2018)
Ms. Xie Yan	(appointed on 10 October 2017 and resigned on 25 May 2018)
Mr. Wong Chun Hung	(appointed on 11 April 2018 and resigned on 25 May 2018)
Ms. Chen Tong	(resigned on 10 October 2017)
Mr. Xiang Liang	(resigned on 10 October 2017)

Independent Non-executive Directors

Mr. Tse Kwong Chan	
Mr. Yiu To Wa	(appointed on 31 July 2017)
Mr. Lau Leong Yuen	(appointed on 31 July 2017)
Ms. Zhang Ruisi	(retired on 11 September 2017)
Ms. Zhou Jue	(retired on 11 September 2017)

In accordance with the Bye-laws and the agreement among the Board members, Ms. Zhou Yaying, Mr. Wei Liang, Mr. Tang Wing Cheung Louis, Ms. Hong Jingjuan and Mr. Tse Kwong Chan shall retire from office as directors of the Company at the forthcoming annual general meeting of the Company (the "AGM"). All of the above directors are eligible for re-election at the AGM.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT

Executive directors:

Ms. Zhou Yaying ("Ms. Zhou"), aged 35, is the Chairman of the Board and a member of the Executive Committee, Remuneration Committee and Nomination Committee. She joined the Group in April 2018. She has over 15 years of experiences of business management, business strategy formulation, sales and marketing and human resources.

Mr. Wei Liang ("Mr. Wei"), aged 40, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

Ms. Hong Jingjuan ("Ms. Hong"), aged 33, is an executive director and a member of the Executive Committee of the Company. She joined the Group in March 2017. She obtained her bachelor degree of human resources management from Jingqiao University in 2007. Prior to joining the Company, Ms. Hong was the marketing director of a real estate valuation company. Ms. Hong has over 10 years of experience in sales and marketing, administration and business operation.

Mr. Tang Wing Cheung Louis ("Mr. Tang"), aged 55, is an executive director and a member of the Executive Committee of the Company. He joined the Group in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

BRIEF BIOGRAPHICAL DETAILS IN RESPECT OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Independent non-executive directors:

Mr. Tse Kwong Chan ("Mr. Tse"), aged 48, is an independent non-executive director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 23 years of working experience in the area of sales and marketing and management.

Mr. Yiu To Wa ("Mr. Yiu"), aged 34, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee, He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong.

Mr. Lau Leong Yuen ("Mr. Lau"), aged 33, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 9 years of experience in software engineering and information technology system development.

Save as disclosed herein, there is no other relationship between each of the directors as required to be disclosed under the Listing Rules.

Senior management:

Ms. Chen Tong ("Ms. Chen"), aged 54, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor's degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 21 years experience in the banking industry and is an economist.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The remuneration of directors is transacted and voted by the shareholders at annual general meeting as ordinary business during which the Board is authorised to fix the remuneration of directors. The remuneration payable to directors is then determined by the Board with reference to directors' duties, responsibilities and performance and results of the Group and the recommendations of the Remuneration Committee subject to the Bye-laws.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in Note 40 to the consolidated financial statements, none of directors of the Company or their connected entities had a material interest, whether directly or indirectly, in any transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party subsisted at the end of the year or at any time during the year ended 31 March 2018.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors nor their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, none of the directors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in Note 32 to the consolidated financial statements, neither at the end of nor at any time during the year there subsisted any arrangement to which the Company or any of its subsidiaries was a party and the objects or one of the objects of such arrangement are/is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 March 2018, the following parties had interests of 5% or more of the issued share capital of the Company according to the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the ordinary shares of the Company

Name of substantial shareholder	Nature of Interests	Number of ordinary shares interested	Percentage+ of the Company's issued share capital
Rich Ocean Ventures Limited	Beneficial owner (Note 1)	87,000,000	16.60%
Mr. Wong Him Shun Philip	Interest of controlled corporations (Note 1)	87,000,000	16.60%
Mr. Xiong Wei	Beneficial owner	62,910,000	12.00%

Note:

1. 87,000,000 shares were held by Rich Ocean Ventures Limited, a company wholly and beneficially owned by Mr. Wong Him Shun Philip, and accordingly, Mr. Wong Him Shun Philip is deemed to be interested in the relevant shares under the SFO.

+ The percentage represents the number of ordinary shares involved divided by the number of the Company's issued shares as at 31 March 2018. As at 31 March 2018, the number of issued shares of the Company was 524,138,640 shares of HK$0.10 each.

Save as disclosed above, as at 31 March 2018, no person had registered an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

CONTRACT OF SIGNIFICANCE

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholders or any of its subsidiaries during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of duties of his/her office or otherwise in relation thereto.

There is appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

CONNECTED TRANSACTIONS

The related party transactions as disclosed in Note 40 to the consolidated financial statements do not fall under the definitions of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this report, at least 25% of the Company's total number of issued shares were held by the public.

EVENTS AFTER THE REPORTING PERIOD

Details of the significant events of the Group after the reporting period are set out in Note 45 to the consolidated financial statements.

AUDITOR

CCTH CPA Limited had acted as the auditor of the Company for the years ended 31 March 2013, 2014 and 2015. CCTH CPA Limited has tendered its resignation as auditor of the Company with effect from 30 December 2015. CHENG & CHENG LIMITED has been appointed as auditor of the Company with effect from 24 February 2016 to fill the casual vacancy left by CCTH CPA Limited.

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by CHENG & CHENG LIMITED who will retire at the conclusion of the AGM and, being eligible, will offer itself for re-appointment. A resolution will be submitted to the AGM to re-appoint CHENG & CHENG LIMITED as the auditor of the Company.

ON BEHALF OF THE BOARD

Ms. Zhou Yaying
Chairman

Hong Kong
28 June 2018

Independent Auditor's Report

CHENG & CHENG LIMITED
CERTIFIED PUBLIC ACCOUNTANTS
鄭鄭會計師事務所有限公司
10/F., Allied Kajima Building,
138 Gloucester Road, Wanchai, Hong Kong

TO THE SHAREHOLDERS OF CHINA ENVIRONMENTAL ENERGY INVESTMENT LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Environmental Energy Investment Limited (the "Company") and its subsidiaries ("the Group") set out on pages 45 to 130, which comprise the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in our audit
Goodwill and intangible asset impairment assessment – Internet Service business, Trading of Gold and Diamond business, Money Lending business and Financial Service business segment Refer to notes 17 and 18 in the consolidated financial statements We identified the impairment assessment of goodwill and the intangible assets, as a key audit matter due to that significant judgement exercised by the Group's management on the estimation of the recoverable amount of the cash generating units to which goodwill and the intangible assets have been allocated. The Group's goodwill and the intangible assets as at 31 March 2018 was approximately HK$23.4 million and HK$13.9 million respectively. Goodwill and the intangible assets have been allocated to the respective cash generating units. Impairment of goodwill and the intangible assets are assessed by the management through comparing the recoverable amounts of the cash generating units to which the goodwill and the intangible assets are allocated with their carrying amounts. The recoverable amount is greater of value in use or fair value less costs of disposal.	Our procedures in relation to management's impairment assessment included: – Evaluating the valuation specialists' competence, capabilities and objectivity; – Assessed the appropriateness of the valuation methodologies, including the value-in-use calculations, used by the valuation specialists and management to estimate the recoverable amount of the cash generating units; – Challenging the reasonableness of key assumptions based on our knowledge and understanding of the businesses and markets; – Checked, on a sample basis, the accuracy and relevance of the input data used; – Reconciling input data to supporting evidence, such as approved budgets and evaluating the reasonableness of the budgets; and – Performed sensitivity and stress testing analysis to which the outcome of the impairment test is most sensitive.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How the matter was addressed in our audit
In determining the recoverable amounts of the cash generating units of Internet Service business, Trading of Gold and Diamond business, Money Lending business, the management estimates their value in use based on discounted cash flows taking into account key assumptions including discount rate, future growth rate and expected gross margin. In determining the recoverable amounts of the cash generating unit of Financial Services business, the management estimates its fair value less cost of disposal by reference to recent comparable transactions taking into account key assumptions including adjusted consideration. During the year ended 31 March 2018, the management concluded that impairment of approximately HK$28.8 million is to be provided on the goodwill allocated to Internet Services business.	

KEY AUDIT MATTERS (continued)

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment on interests in associates – Pure Power Holdings Limited ("Pure Power") Refer to note 19 in the consolidated financial statements As at 31 March 2018, the management conducted impairment assessments to ensure the carrying amounts of the interests in Pure Power is lower than its respective estimated recoverable amount. The estimated recoverable amount of Pure Power has been determined with reference to their fair value less cost of disposal. In determining the fair value less cost of disposal, the management estimates based on discounted cash flows taking into account key assumptions including discount rate and future growth rate. As disclosed in note 19 to the consolidated financial statements, the carrying amount of Pure Power is approximately HK$198.3 million. The management has concluded that there is no impairment in respect of the Group's interest in Pure Power as its recoverable amount is higher than its carrying amount.	Our procedures in relation to management's impairment assessment included: – Evaluated the independent external valuers' competence, capabilities and objectivity; – Evaluating the appropriateness of the valuation methodology and the models used; – Evaluating the reasonableness of the inputs and assumptions used to determine the cash flow forecasts with reference to economic and industry indicators and publicly available information; and – Checked, on a sample basis, the accuracy and relevance of the input data used.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises the Corporate Information, Chairman's Statement and Management Discussion & Analysis, Corporate Governance Report and Report of the Directors (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Environmental, Social and Governance report, which is expected to be made available to us after that date.

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 THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

CHENG & CHENG LIMITED
Certified Public Accountants
Hong Kong, 28 June 2018

Chan Shek Chi
Practising Certificate number P05540

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Continuing Operations			
Revenue	4	**35,220**	67,672
Cost of sales		**(19,457)**	(37,683)
Gross profit		**15,763**	29,989
Other income	6	**47**	40
Other gains and losses	7	**(321,044)**	(6,499)
Selling and distribution expenses		**(305)**	(657)
Administrative expenses		**(28,366)**	(37,217)
Finance costs	8	**(3,209)**	(11,702)
Share of loss of an associate	19	**(2,832)**	(3,236)
Loss before taxation	9	**(339,946)**	(29,282)
Income tax credit/(expense)	12	**2,508**	(1,181)
Loss from continuing operations		**(337,438)**	(30,463)
Discontinued Operations			
Profit from discontinued operations	13	**–**	57,884
(Loss)/profit for the year		**(337,438)**	27,421
Other comprehensive expenses			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on:			
– Translation of foreign operations		**86**	1,616
– Transferred to profit or loss on disposal of subsidiaries		**–**	4,509
		86	6,125
Available-for-sale investments			
Increase in fair value		**8,694**	159,452
Reclassification adjustments for amounts transferred to profit or loss:			
– Gain on disposal		**(410,007)**	(280,518)
– Impairment loss		**7,126**	–
		(394,187)	(121,066)
Other comprehensive expense for the year		**(394,101)**	(114,941)
Total comprehensive expense for the year		**(731,539)**	(87,520)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Loss for the year from continuing operations attributable to:			
Owners of the Company		**(337,438)**	(30,463)
Non-controlling interests		**–**	–
		(337,438)	(30,463)
Profit for the year from discontinued operations attributable to:			
Owners of the Company		**–**	57,928
Non-controlling interests		**–**	(44)
		–	57,884
(Loss)/profit for the year from continuing and discontinued operations attributable to:			
Owners of the Company		**(337,438)**	27,465
Non-controlling interests		**–**	(44)
		(337,438)	27,421
Total comprehensive expense attributable to:			
Owners of the Company		**(731,539)**	(87,627)
Non-controlling interests		**–**	107
		(731,539)	(87,520)
		2018 HK$	2017 HK$
(Loss)/earnings per share	15		
From continuing and discontinued operations			
Basic/Diluted		**(0.75)**	0.07
From continuing operations			
Basic/Diluted		**(0.75)**	(0.08)
From discontinued operations			
Basic/Diluted		**–**	0.15

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment	16	**4,868**	8,686
Goodwill	17	**23,374**	52,214
Intangible assets	18	**13,922**	13,922
Interest in an associate	19	**198,290**	201,122
Loan receivables	22	**50,000**	–
Deferred tax assets	34	**523**	–
Available-for-sale investments	20	**59,044**	770,657
Statutory deposits	23	**205**	205
Deposits paid	24	**377**	372
		350,603	1,047,178
Current assets			
Trade receivables	21	**6,787**	6,054
Loan and interest receivables	22	**3,994**	85,427
Other receivables, prepayments and deposits paid	24	**1,913**	5,417
Income tax recoverable		**784**	–
Cash deposits held by securities brokers	25	**1**	79
Bank balances and cash	25	**5,640**	66,972
		19,119	163,949
Current liabilities			
Trade payables	27	**335**	425
Loan and interest payables	28	**1,853**	–
Other payables and accruals	29	**19,325**	20,794
Promissory notes payable	30	**–**	143,070
Unconvertible bonds	33	**–**	20,585
Income tax payable		**202**	1,068
		21,715	185,942
Net current liabilities		**(2,596)**	(21,993)
Total assets less current liabilities		**348,007**	1,025,185

Consolidated Statement of Financial Position
As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Unconvertible bonds	33	**10,158**	10,151
Deferred tax liabilities	34	**–**	2,297
		10,158	12,448
Net assets		**337,849**	1,012,737
Capital and reserves			
Share capital	31	**52,414**	37,423
Share premium and reserves		**285,435**	975,314
Total equity		**337,849**	1,012,737

The consolidated financial statements on pages 45 to 130 were approved and authorised for issue by the Board of Directors on 28 June 2018 and are signed on its behalf by:

Zhou Yaying
Director

Wei Liang
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	37,423	2,601,203	2,031	523,947	2,647	464	(2,067,351)	1,100,364	(2,472)	1,097,892
Profit/(loss) for the year	–	–	–	–	–	–	27,465	27,465	(44)	27,421
Other comprehensive (expense)/income										
Exchange difference arising from translation of foreign operations	–	–	–	–	1,465	–	–	1,465	151	1,616
Transferred to profit or loss on disposal of subsidiaries	–	–	–	–	4,509	–	–	4,509	–	4,509
Increase in fair value of available-for-sale investments	–	–	–	159,452	–	–	–	159,452	–	159,452
Reclassification adjustment for gains on disposal of available-for-sale investments included in profit or loss	–	–	–	(280,518)	–	–	–	(280,518)	–	(280,518)
Total comprehensive (expense)/income for the year	–	–	–	(121,066)	5,974	–	27,465	(87,627)	107	(87,520)
Disposal of subsidiaries	–	–	–	–	–	–	–	–	2,365	2,365
At 31 March 2017 and 1 April 2017	37,423	2,601,203	2,031	402,881	8,621	464	(2,039,886)	1,012,737	–	1,012,737
Loss for the year	–	–	–	–	–	–	(337,438)	(337,438)	–	(337,438)
Other comprehensive (expense)/income										
Exchange difference arising from translation of foreign operations	–	–	–	–	86	–	–	86	–	86
Increase in fair value of available-for-sale investments	–	–	–	8,694	–	–	–	8,694	–	8,694
Impairment loss recognised on available-for-sale investments	–	–	–	7,126	–	–	–	7,126	–	7,126
Gain transferred from other comprehensive income to profit or loss on disposal of listed equity securities held for investment	–	–	–	(410,007)	–	–	–	(410,007)	–	(410,007)
Total comprehensive (expense)/income for the year	–	–	–	(394,187)	86	–	(337,438)	(731,539)	–	(731,539)
Issue of shares upon settlement of promissory note	14,991	41,680	–	–	–	–	–	56,671	–	56,671
Share issue expenses	–	(20)	–	–	–	–	–	(20)	–	(20)
At 31 March 2018	**52,414**	**2,642,863**	**2,031**	**8,694**	**8,707**	**464**	**(2,377,324)**	**337,849**	**–**	**337,849**

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Cash flows from operating activities			
(Loss)/profit for the year		**(337,438)**	27,421
Adjustments for:			
Income tax (credit)/expense recognised in profit or loss	12	**(2,508)**	761
Gain on disposal of non-listed securities		**–**	(390)
Finance costs		**3,209**	12,282
Depreciation of property, plant and equipment		**3,868**	3,828
Loss on disposal of property, plant and equipment		**–**	1
Gain on disposal of subsidiaries		**–**	(59,784)
Impairment loss recognised on:			
– goodwill		**28,840**	40,654
– available-for-sale investments		**218,441**	–
– trade receivables		**166**	–
Bank interest income		**–**	(10)
Net realised loss/(gain) on disposal of listed equity securities held for investment		**68,466**	(33,818)
Share of loss of an associate		**2,832**	3,236
Loss on settlement of promissory notes by issue of shares		**5,131**	–
Operating cash flows before movements in working capital		**(8,993)**	(5,819)
Decrease/(increase) in loan and interest receivables		**31,433**	(41,000)
Increase in trade receivables		**(846)**	(2,792)
Decrease in other receivables, prepayments and deposits paid		**3,512**	21,066
(Decrease)/increase in trade payables		**(90)**	89
(Decrease)/increase in other payables and accruals		**(1,490)**	1,466
Cash generated from/(used in) operations		**23,526**	(26,990)
Income tax paid		**(1,962)**	(538)
Net cash generated from/(used in) operating activities		**21,564**	(27,528)

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(11)**	(1,380)
Proceeds from disposal of property, plant and equipment		**–**	261
Proceeds from disposal of non-listed securities		**–**	31,000
Acquisition of a subsidiary	37	**–**	(12,341)
Disposal of subsidiaries	38	**–**	97,441
Acquisition of available-for-sale investments		**(13,344)**	(276,100)
Proceeds from disposal of listed available-for-sale investments		**43,863**	223,102
Bank interest received		**–**	10
Net cash generated from investing activities		**30,508**	61,993
Cash flows from financing activities			
Proceeds from unsecured loan		**1,800**	–
Share issue expenses		**(20)**	–
Repayments of promissory notes payable		**(83,694)**	–
Repayments of unconvertible bonds		**(20,000)**	–
Proceeds from unconvertible bonds		**–**	10,000
Interest paid		**(11,570)**	(1,580)
Net cash (used in)/generated from financing activities		**(113,484)**	8,420
Net (decrease)/increase in cash and cash equivalents		**(61,412)**	42,885
Cash and cash equivalents at the beginning of the year		**67,051**	23,121
Effects of exchange rate changes		**2**	1,045
Cash and cash equivalents at the end of the year		**5,641**	67,051
Cash and cash equivalents at the end of the year represented by:			
Cash deposits held by securities brokers		**1**	79
Bank balances and cash		**5,640**	66,972
		5,641	67,051

Notes to Consolidated Financial Statements

For the year ended 31 March 2018

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda and its principal place of business is Room 910, 9th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in Note 44. The Company together with its subsidiaries are referred to as the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been prepared under the historical cost convention except that financial assets classified as available-for-sale investments are stated at their fair value as explained in the accounting policies set out in Note 2(h).

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(i) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2017, relevant to the Group's operations and adopted by the Group:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendment to HKFRSs	Annual Improvements 2014-2016 Cycle

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(i) New standards, revisions and amendments to existing standards effective for annual periods beginning 1 April 2017, relevant to the Group's operations and adopted by the Group: (continued)

The amendments to HKAS 7 require an entity to make disclosures that aim to enable users of financial statements to evaluate changes in liabilities arising from financing activities. Reconciliations of various types of the Group's financing liabilities are disclosed in Note 26 to the consolidated financial statements. Other than such additional disclosures, the application of the amendments has not had any material effect on the consolidated financial statements.

The amendments to HKAS 12 clarify when unrealised losses on a debt instrument measured at fair value would give rise to a deductible temporary difference and how to evaluate whether sufficient future taxable profits are available to utilise a deductible temporary difference. The application of the amendments has not had any material effect on the consolidated financial statements.

Annual improvements to HKFRSs (2014-2016 cycle) include an amendment to HKFRS 12 that clarifies that, when an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) is classified (or included in a disposal group that is classified) as held for sale in accordance with HKFRS 5 Non-current Assets held for Sale and Discontinued operations, it is not required to disclose summarised financial information for that subsidiary, joint venture or associate, as required by HKFRS 12 Disclosure of Interests in Other Entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective

The Group has not applied any of the following new Hong Kong Financial Reporting Standards ("HKFRSs"), amendments to HKFRSs and new interpretations ("new and revised HKFRSs") that have been issued but are not yet mandatorily effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[5]
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[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvement to HKFRS Standards 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2014-2016 Cycle[4]
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective date not yet determined
4 For those amendments that will become effective for annual periods beginning on or after 1 January 2018
5 Effective for annual periods beginning on or after 1 January 2021

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 9 Financial Instruments

HKFRS 9 has introduced new requirements for (a) classification and measurement of financial assets, (b) impairment of financial assets and (c) general hedge accounting.

With regards to the classification and measurement of financial assets, financial assets that are within the scope of HKFRS 9 are subsequently measured at either amortised cost or fair value. Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of each of the subsequent accounting periods. All other financial assets are measured at fair value at the end of each of the subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income ("FVTOCI"). All other debt instrument, financial assets and equity investments are measured at their fair value at the end of subsequent accounting periods with changes in fair value recognised in profit or loss, except that the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is neither held for trading nor being contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and the cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

With regards to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. This differs from the accounting treatment under HKAS 39, whereby the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

With regards to impairment of financial assets, HKFRS 9 has adopted an expected credit loss model, as opposed to the incurred credit loss model required under HKAS 39. In general, the adoption of the expected credit loss model will require the Group to assess at each reporting date whether there is a significant increase in credit risk of its financial assets since initial recognition and to recognise loss allowance equal to the lifetime or 12-month expected credit losses depending on whether or not there is a significant increase in credit risk.

With regards to the general hedge accounting requirements, HKFRS 9 retains the three types of hedge accounting mechanisms currently available in HKAS 39. HKFRS 9 will provide greater flexibility as to the types of transactions eligible for hedge accounting, specifically by broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

HKFRS 9 contains specific transitional provisions for (a) classification and measurement of financial assets; (b) impairment of financial assets; and (c) hedge accounting, which will be adopted by the Group when it applies HKFRS 9 in the year ending 31 March 2019.

The amendments to HKFRS 9 *Prepayment Features with Negative Compensation* mainly clarify and provide additional guidance as to when a debt instrument financial asset with a prepayment option would satisfy the "solely payment of principal and interest" test.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on the initial application of HKFRS 9:

Classification and measurement

Equity investment fund classified as available-for-sale investment carried at fair value qualified for designation as measured at FVTOCI under HKFRS 9. However, the fair value gains or losses accumulated in the investments revaluation reserve of approximately HK$8,694,000 as at 1 April 2018 will no longer be subsequently reclassified to profit or loss under HKFRS 9, which is different from current treatment. This will affect the amounts recognized in the Group's profit or loss and other comprehensive income but will not affect total comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 9 Financial Instruments (continued)

Impairment

The directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

The Group is in the process of assessing the impact of HKFRS 9 of impairment model and considers that the adoption of the new standard of HKFRS 9 will not have significant impact on the Group's financial position and financial performance.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, HKFRS 15 introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 15 Revenue from Contracts with Customers (continued)

Under HKFRS 15, the Group will recognise revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 contains a number of transitional provisions as well as practical expedients to help preparers so through the transition. Please refer to HKFRS 15 for details.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 will supersede the current lease guidance including HKAS 17 Leases and the related interpretations when it becomes effective.

With regards to lessee accounting, the distinction of operating leases and finance leases, as required by HKAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets.

Specifically, 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 re-measurement 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. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas, under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regards to lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, HKFRS 16 requires extensive disclosures in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

(ii) New and amended standards issued but not yet effective (continued)

HKFRS 16 Leases (continued)

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$1,361,000. For future arrangement that will meet the definition of a lease under 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 upon the application of HKFRS 16.

The Group currently considers refundable rental deposits paid of approximately HK$731,000 and refundable rental deposit received of nil as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

(b) Subsidiaries

(i) Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries (continued)

(i) Consolidation (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any assets or liabilities resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss and other comprehensive income.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries (continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified or permitted by applicable HKFRSs.

(c) Associates

Associates are all entities over which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in an associate includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of (loss)/profit of an associate" in the profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

Depreciation is provided to write off the cost, other than construction in progress, over their estimated useful lives from the date on which they are available for use and after taking into account of their estimated residual values, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the shorter of the lease terms or 20%
Furniture and office equipment	20%
Motor vehicles	20%
Motor vessel	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Residual values and useful lives are reviewed at each reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other gains and losses" in profit or loss.

(e) Intangible assets

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets (continued)

(ii) Licenses

Type 1, Type 4 and Type 9 regulated activities licenses (the "Licenses") under Securities and Futures Commission ("SFC") are classified as intangible assets. The Licenses acquired in a business combination are recognised at fair value at the acquisition date. The Licenses have an indefinite useful life and are carried at cost less accumulated impairment losses. The Licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the Licenses are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The Licenses will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. The useful life of the Licenses is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, intangible assets not ready to use and the Licenses – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the reporting date.

(g) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Non-current assets (or disposal groups) held-for-sale and discontinued operations (continued)

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in profit or loss, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

(h) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: Available-for-sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

– *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of reporting date. These are classified as non-current assets. The Group's loans and receivables comprise trade receivables, loan and interest receivables, other receivables, deposits paid, cash deposits held by securities brokers and bank balance and cash in the consolidated statement of financial position.

– *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair values or cost less impairment. Loans and receivables are carried at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial assets (continued)

(ii) Recognition and measurement (continued)

Changes in the fair value of available-for-sale equity instruments are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the statement of profit or loss and other comprehensive income as "realised gain or loss on disposal of equity securities held for investment".

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of investment and other income when the Group's right to receive payment is established.

(i) Impairment of financial assets

(i) Assets carried at amortised cost

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of financial assets (continued)

(ii) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of the securities below its costs in also evidence that the assets are impaired. If any such evidence exists the cumulated loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(j) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liabilities simultaneously, the legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair values and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments with original maturities of three months or less, in the consolidated statement of financial position.

(m) Trade and other payables

Trade payables are obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(o) Borrowings

Borrowings, including loan and interest payables, promissory notes payable and unconvertible bonds are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Current and deferred income tax (continued)

(ii) Deferred income tax (continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and an associate, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Revenue recognition

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

(i) Revenue from the sale of goods is recognised when the goods are delivered and title has passed.

(ii) Income from provision of internet online services is recognised when such services are rendered.

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

(iv) Insurance brokerage commission income and investment advisory services income are recognised when services are rendered.

(v) Dividend income is recognised when the right to receive payment is established.

(r) Retirement benefits scheme

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Retirement benefits scheme (continued)

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave. In accordance with the rules and regulations in the People's Republic of China ("PRC"), the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income subject to a cap of HK$1,500 per month. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(s) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets, when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the assets for its intended use or sale are in progress. Capitalisation of such borrowing costs ceases when 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.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK$"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

All foreign exchange gains and losses are presented in profit or loss within "Other gains and losses".

Translation differences on non-monetary financial assets and liabilities such as equities classified as available-for-sale investments are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that reporting;

(b) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation (continued)

(iii) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(v) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(w) Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity received services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (for example, an entity's share price);
- Excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specific time period); and
- Including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purpose of recongnising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Related parties

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

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

(ii) has significant influence over the Group; or

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

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

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

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

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

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

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

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

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

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

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

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

(a) Impairment of goodwill

Determining whether goodwill is impaired requires the Group to assess the recoverable amount of the CGUs to which goodwill has been allocated. The recoverable amount is the higher of fair value less costs of disposal and the value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected or when there is a revision to the estimated future cash flows due to changes in fact or circumstances, a material impairment loss on goodwill may arise.

The carrying amount of goodwill as at 31 March 2018 was approximately HK$23,374,000 (2017: approximately HK$52,214,000). Impairment loss of goodwill amounting to approximately HK$28,840,000 has been recognised in profit or loss in respect of the year ended 31 March 2018 (2017: approximately HK$40,654,000), details of which are disclosed in Note 17.

(b) Useful lives of intangible assets

The management determines the estimated useful lives and related amortisation for the Group's intangible assets. The useful lives of intangible assets are assessed to be either finite or indefinite, based on the expected usage and technical obsolescence from the changes in the market demands or services output from the assets. Intangible assets are not amortised when their useful lives are assessed to be indefinite. The conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. The Group may need to amortise intangible assets in future periods or recognise impairment losses on intangible assets if events and circumstances indicate that the useful life is not indefinite. Intangible assets with finite useful lives are amortised over the expected useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(c) Impairment of non-financial assets (other than intangible assets with indefinite useful lives and goodwill)

The Group assess whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available information from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Useful lives 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 industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. When the actual useful lives of property, plant and equipment due to the change of commercial environment are different from their estimated useful lives, such difference will impact the depreciation charges and the amounts of assets written down in future periods.

(e) Impairment loss recognised in respect of loan and interest receivables

The Group maintains an allowance for estimated loss arising from the inability of its receivables to make the required payments. The Group makes its estimates based on the ageing of receivables balances, receivables creditworthiness, and historical write-off experience. If the financial condition of its receivables was to deteriorate so that the actual impairment loss might be higher than expected, the Group would be required to revise the basis of making the allowance and its future results would be affected. As at 31 March 2018, the carrying amount of loan and interest receivables amounted to an aggregate of approximately HK$53,994,000 (2017: carrying amount amounted to an aggregate of approximately HK$85,427,000).

3. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(f) Impairment of intangible assets with indefinite useful lives

Determining whether intangible assets with indefinite useful lives of the Group are impaired requires an estimation of recoverable amount of the CGUs to which intangible assets with indefinite useful lives have been allocated, which is the higher of the related fair value less costs of disposal and value-in-use. The calculations require the management to estimate the future cash flows expected to arise from the CGU in order to calculate the recoverable amounts.

(g) Fair value measurements and valuation process

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value:–

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;

- Level 2 inputs are observable inputs which fail to meet level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data is not available;

- Level 3 inputs are significant unobservable inputs.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The board of directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances and trade discounts ("Trading of Gold and Diamond"), income from online products sales, provision of marketing, web design and maintenance services ("Internet Services"), interest income from provision of loans as money lending ("Money Lending") and services income from provision of financial advisory and intermediary services ("Financial Services") is analysed as below:

	Continuing Operations		Discontinued Operations		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Trading of Gold and Diamond	**21,362**	40,065	**–**	1,007	**21,362**	41,072
Income from Internet Services	**3,048**	5,493	**–**	–	**3,048**	5,493
Interest income from Money Lending	**10,330**	20,808	**–**	–	**10,330**	20,808
Services income from Financial Services	**480**	1,306	**–**	–	**480**	1,306
	35,220	67,672	**–**	1,007	**35,220**	68,679

5. SEGMENT INFORMATION

(a) Business segments

The Group's operating and reportable segments which are based on the types of products manufactured and services rendered are as follows:

Continuing Operations

Internet Services:	online products sales, provision of marketing, web design and maintenance services
Trading of Gold and Diamond:	purchase and sale of gold and diamond
Money Lending:	provision of loans as money lending
Financial Services:	provision of financial advisory and intermediary services

Discontinued Operations

Wastes Recycling:	waste paper, scrap metal and consumable wastes recycling*
Trading of Petrochemical Products:	purchase and sale of petrochemical products*

* These businesses were discontinued during the year ended 31 March 2017, details in Note 13 of this report.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment revenue and result

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

For the year ended 31 March 2018

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Waste Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:									
Sales to external customers	3,048	21,362	10,330	480	35,220	–	–	–	35,220
Revenue from external customers	3,048	21,362	10,330	480	35,220	–	–	–	35,220
Net Segment Result:									
Segment result	423	3,096	2,524	(7,015)	(972)	–	–	–	(972)
Impairment loss on goodwill	(28,840)	–	–	–	(28,840)	–	–	–	(28,840)
Net segment result	(28,417)	3,096	2,524	(7,015)	(29,812)	–	–	–	(29,812)
Other unallocated income									7,615
Net realised loss on disposal of listed equity securities held for investment									(68,466)
Loss on settlement of promissory note by issue of shares									(5,131)
Impairment loss recognised on available-for-sale investments									(218,441)
Share of loss of an associate									(2,832)
Other unallocated expenses									(19,670)
Finance costs									(3,209)
Loss before tax									(339,946)
Income tax credit									2,508
Loss for the year									(337,438)

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment revenue and result** (continued)*

For the year ended 31 March 2017

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Waste Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Segment revenue:									
Sales to external customers	5,493	40,065	36,445	1,306	83,309	1,007	–	1,007	84,316
Intersegment sales	–	–	(15,637)	–	(15,637)	–	–	–	(15,637)
Revenue from external customers	5,493	40,065	20,808	1,306	67,672	1,007	–	1,007	68,679
Net Segment Result:									
Segment result	2,668	3,760	20,372	(4,380)	22,420	(1,749)	–	(1,749)	20,671
Impairment loss on goodwill	(33,129)	(7,525)	–	–	(40,654)	–	–	–	(40,654)
Net segment result	(30,461)	(3,765)	20,372	(4,380)	(18,234)	(1,749)	–	(1,749)	(19,983)
Interest income									10
Other unallocated income									39
Gain on disposal of non-listed securities									390
Realised gain on disposal of listed equity securities held for investment									33,818
Gain on disposal of subsidiaries									59,784
Share of loss of an associate									(3,236)
Other unallocated expenses									(30,358)
Finance costs									(12,282)
Profit before tax									28,182
Income tax expense									(761)
Profit for the year									27,421

The accounting policies of the operating segments are the same as Group's accounting policies described in Note 2. Segment profit or loss represents the profit or loss from each segment without allocation of certain other income, other gains and losses, central administrative costs, directors' emoluments and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Segment assets and liabilities

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

For the year ended 31 March 2018

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Wastes Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Assets and liabilities:									
Segment assets									
– Hong Kong	10	29,650	54,997	21,474	106,131	–	–	–	106,131
– PRC	647	–	–	–	647	–	–	–	647
	657	29,650	54,997	21,474	106,778	–	–	–	106,778
Available-for-sale investments									59,044
Interest in an associate									198,290
Unallocated corporate assets									5,610
Consolidated total assets									369,722
Segment liabilities:									
– Hong Kong	1,130	392	47,880	588	49,990	–	–	–	49,990
– Elimination of loan payables	–	–	(47,245)	–	(47,245)	–	–	–	(47,245)
– PRC	2	–	–	–	2	–	–	–	2
	1,132	392	635	588	2,747	–	–	–	2,747
Unconvertible bonds									10,158
Loan and interest payables									1,853
Unallocated corporate liabilities									17,115
Consolidated total liabilities									31,873

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

***Segment assets and liabilities** (continued)*

For the year ended 31 March 2017

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Wastes Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Assets and liabilities:									
Segment assets									
– Hong Kong	1,874	28,799	86,427	16,499	133,599	–	–	–	133,599
– PRC	30,270	–	–	–	30,270	–	–	–	30,270
	32,144	28,799	86,427	16,499	163,869	–	–	–	163,869
Available-for-sale investments									770,657
Interest in an associate									201,122
Unallocated corporate assets									75,479
Consolidated total assets									1,211,127
Segment liabilities:									
– Hong Kong	1,068	2,236	81,739	124	85,167	–	–	–	85,167
– Elimination of loan payables	–	–	(81,700)	–	(81,700)	–	–	–	(81,700)
– PRC	424	–	–	–	424	–	–	–	424
	1,492	2,236	39	124	3,891	–	–	–	3,891
Promissory notes payable									143,070
Unconvertible bonds									30,736
Unallocated corporate liabilities									20,693
Consolidated total liabilities									198,390

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

- all assets are allocated to reportable segments other than certain property, plant and equipment, certain bank balances and cash, available-for-sale investments, interest in an associate, certain other receivables, prepayments and deposits paid, income tax recoverable and deferred tax assets; and

- all liabilities are allocated to reportable segments other than certain other payables and accruals, loan and interest payables, promissory notes payable, income tax payable, unconvertible bonds and deferred tax liabilities.

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Other segment information

In respect of the year ended 31 March 2018

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Waste Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Depreciation of property, plant and equipment	**152**	**6**	**–**	**272**	**430**	**–**	**–**	**–**	**430**
Impairment loss recognised in respect of trade receivables	**166**	**–**	**–**	**–**	**166**	**–**	**–**	**–**	**166**
Additions to non-current assets	**–**	**–**	**–**	**11**	**11**	**–**	**–**	**–**	**11**

In respect of the year ended 31 March 2017

	Continuing operations					Discontinued operations			
	Internet Services HK$'000	Trading of Gold and Diamond HK$'000	Money Lending HK$'000	Financial Services HK$'000	Sub-total HK$'000	Waste Recycling HK$'000	Trading of Petrochemical Products HK$'000	Sub-total HK$'000	Total HK$'000
Depreciation of property, plant and equipment	205	8	–	180	393	259	–	259	652
Loss on disposal of property, plant and equipment	–	1	–	–	1	–	–	–	1
Gain on disposal of subsidiaries	–	–	–	–	–	59,784	–	59,784	59,784

Note: No additions to non-current assets acquired through acquisition of subsidiaries and financial assets during the year (2017: approximately HK$1,351,000 which was excluded in above addition to non-current assets). Further, these non-current assets do not include the assets acquired during the year which have not been allocated to the business segments (2017: approximately HK$29,000).

The depreciation of property, plant and equipment do not include the depreciation charged during the year of approximately HK$3,438,000 (2017: approximately HK$3,435,000) which have not been allocated to the business segments.

(b) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products:

	Continuing operations		Discontinued operations		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Sales of Recycled Material	**–**	–	**–**	1,007	**–**	1,007
Provision of Internet Services	**3,048**	5,493	**–**	–	**3,048**	5,493
Trading of Gold and Diamond	**21,362**	40,065	**–**	–	**21,362**	40,065
Money Lending	**10,330**	20,808	**–**	–	**10,330**	20,808
Financial Services income	**480**	1,306	**–**	–	**480**	1,306
	35,220	67,672	**–**	1,007	**35,220**	68,679

5. SEGMENT INFORMATION (continued)

(c) Geographical information

The Group's operations are mainly located in Hong Kong and the PRC. The operations of the Group's associate is located in the United States of America (the "USA").

The following table provides an analysis of the Group's revenue by geographic market, determined based on the location at which the services were provided, irrespective of the origin of customers:

	Hong Kong		PRC		Others		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Segment revenue								
Sales to external customers	**33,331**	4,854	**1,889**	23,760	**–**	40,065	**35,220**	68,679

An analysis of the non-current assets of the Group (other than financial assets and deferred tax assets) by geographical areas determined based on the physical location of assets in the case of property, plant and equipment and the location of the operations to which they are allocated, in the case of intangible assets and goodwill and the location of operations, in the case of interest in an associate:

	Hong Kong		PRC		USA		Total	
	2018 HK$'000	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000	**2018 HK$'000**	2017 HK$'000
Non-current assets other than financial assets and deferred tax assets	**41,841**	45,546	**323**	29,276	**198,290**	201,122	**240,454**	275,944

(d) Information about major customers

Revenues from customers contributing over 10% of the total revenue of the Group are as follows:

	Revenue generated from	**2018 HK$'000**	2017 HK$'000
Customer A	Trading of Gold and Diamond	**9,294**	9,275
Customer B	Money Lending business	**4,884**	N/A
Customer C	Money Lending business	**4,884**	N/A
Customer D	Trading of Gold and Diamond	**N/A**	28,635

6. OTHER INCOME

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Bank interest income	**–**	1	**–**	9	**–**	10
Others	**47**	39	**–**	95	**47**	134
	47	40	**–**	104	**47**	144

7. OTHER GAINS AND LOSSES

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Other gains:						
Realised gain on disposal of listed equity securities held for investment	**–**	33,818	**–**	–	**–**	33,818
Gain on disposal of non-listed securities	**–**	390	**–**	–	**–**	390
	–	34,208	**–**	–	**–**	34,208
Other losses:						
Foreign exchange losses, net	**–**	(52)	**–**	–	**–**	(52)
Loss on disposal of property, plant and equipment	**–**	(1)	**–**	–	**–**	(1)
Net realised loss on disposal of listed equity securities held for investment	**(68,466)**	–	**–**	–	**(68,466)**	–
Loss on settlement of promissory notes by issue of shares	**(5,131)**	–	**–**	–	**(5,131)**	–
Impairment loss recognised on:						
– goodwill	**(28,840)**	(40,654)	**–**	–	**(28,840)**	(40,654)
– available-for-sale investments	**(218,441)**	–	**–**	–	**(218,441)**	–
– trade receivables	**(166)**	–	**–**	–	**(166)**	–
	(321,044)	(40,707)	**–**	–	**(321,044)**	(40,707)
Other losses, net	**(321,044)**	(6,499)	**–**	–	**(321,044)**	(6,499)

8. FINANCE COSTS

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Interest expenses on:						
Bank borrowings	**–**	–	**–**	580	**–**	580
Promissory notes payable	**2,470**	10,400	**–**	–	**2,470**	10,400
Loan payables	**53**	–	**–**	–	**53**	–
Imputed interest on unconvertible bonds	**686**	1,302	**–**	–	**686**	1,302
	3,209	11,702	**–**	580	**3,209**	12,282

9. LOSS BEFORE TAXATION

	Continuing operations		Discontinued operations		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Staff costs (including directors' emoluments)						
– Directors' fees, staff salaries and allowances	**13,295**	14,227	**–**	96	**13,295**	14,323
– Retirement benefits contributions	**310**	339	**–**	68	**310**	407
Total staff costs	**13,605**	14,566	**–**	164	**13,605**	14,730
Auditors' remuneration	**840**	840	**–**	–	**840**	840
Cost of inventories recognised as an expense	**17,936**	35,692	**–**	348	**17,936**	36,040
Other service costs	**1,521**	1,991	**–**	–	**1,521**	1,991
Depreciation of property, plant and equipment	**3,868**	3,828	**–**	–	**3,868**	3,828
Operating lease rentals in respect of rental premises	**2,076**	2,512	**–**	–	**2,076**	2,512
Share of loss of an associate	**2,832**	3,236	**–**	–	**2,832**	3,236

10. BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiary undertaking.

The remuneration of every director is set out below:

For the year ended 31 March 2018

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors					
Ms. Chen Tong[1]	–	581	71	11	663
Mr. Xiang Liang[1]	–	189	23	–	212
Ms. Hong Jingjuan[2]	–	300	–	–	300
Ms. Xie Yan[5]	–	228	–	–	228
Independent Non-executive Directors					
Ms. Zhang Ruisi[3]	53	–	–	–	53
Mr. Tse Kwong Chan	120	–	–	–	120
Ms. Zhou Jue[3]	53	–	–	–	53
Mr. Yiu To Wa[4]	80	–	–	–	80
Mr. Lau Leong Yuen[4]	80	–	–	–	80
	386	1,298	94	11	1,789

For the year ended 31 March 2017

	Fees HK$'000	Salary HK$'000	Discretionary bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Total HK$'000
Executive Directors					
Ms. Chen Tong[1]	–	1,429	–	18	1,447
Mr. Xiang Liang[1]	–	462	–	–	462
Ms. Hong Jingjuan[2]	–	21	–	–	21
Independent Non-executive Directors					
Ms. Zhang Ruisi[3]	120	–	–	–	120
Mr. Tse Kwong Chan	120	–	–	–	120
Ms. Zhou Jue[3]	120	–	–	–	120
	360	1,912	–	18	2,290

10. BENEFITS AND INTEREST OF DIRECTORS (continued)

(a) Directors' emoluments (continued)

Notes:

1 Ms. Chen Tong and Mr. Xiang Liang have resigned as executive director on 10 October 2017

2 Ms. Hong Jingjuan was appointed as executive director on 6 March 2017

3 Ms. Zhang Ruisi and Ms. Zhou Jue have retired as independent non-executive director on 11 September 2017

4 Mr. Yiu To Wa and Mr. Lau Leong Yuen were appointed as independent non-executive director on 31 July 2017

5 Ms. Xie Yan was appointed as executive director on 10 October 2017 and resigned on 25 May 2018

6 From 10 October 2017 to 31 March 2018, Ms. Chen Tong was a senior management officer in the Group. The remuneration of being senior management officer for the period was approximately HK$293,000. Together with director's remuneration, the total remuneration of Ms. Chen Tong for current financial period was approximately HK$956,000.

None of the directors of the Company waived or agreed to waive any emoluments paid by the Group. No emoluments have been paid by the Group to the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the years ended 31 March 2018 and 2017.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the financial year (2017: Nil).

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

During the year ended 31 March 2018, the Company does not pay consideration to any third parties for making available directors' services (2017: Nil).

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

As at 31 March 2018, there are no loans, quasi-loans and other dealing arrangements entered into by the Company or subsidiaries undertaking of the Company in favour of directors, controlled bodies corporate by and controlled entities with such directors (2017: Nil).

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

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

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2017: one) was director of the Company whose emoluments are included in Note 10(a) above. The emoluments of the remaining four individuals (2017: four) were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and benefits in kind	**3,307**	4,068
Contributions to retirement benefits schemes	**36**	68
	3,343	4,136

The emoluments of the remaining four (2017: four) individuals fell within the following bands:

	2018	2017
HK$500,000 to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**1**	2
	4	4

12. INCOME TAX (CREDIT)/EXPENSE

Income tax recognised in profit or loss

	Continuing operations		**Discontinued operations**		**Total**	
	2018 **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000
Hong Kong Profits Tax	**312**	1,152	**–**	–	**312**	1,152
PRC Enterprise Income Tax	**–**	29	**–**	–	**–**	29
	312	1,181	**–**	–	**312**	1,181
Deferred tax credit	**(2,820)**	–	**–**	(420)	**(2,820)**	(420)
Income tax (credit)/expense for the year	**(2,508)**	1,181	**–**	(420)	**(2,508)**	761

Hong Kong Profits Tax

Hong Kong Profits Tax has been provided for at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year.

PRC Enterprise Income tax

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and implementation regulation of the EIT Law, the tax rate of subsidiaries of the Company in the PRC is 25% (2017: 25%).

12. INCOME TAX (CREDIT)/EXPENSE (continued)

PRC Enterprise Income tax (continued)

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

	2018 HK$'000	2017 HK$'000
Loss for the year from continuing operations	(337,438)	(30,463)
Taxation	(2,508)	1,181
Loss before taxation from continuing operations	(339,946)	(29,282)
Tax at the applicable rate of 16.5% (2017: 16.5%)	(56,091)	(4,832)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(42)	10
Tax effect of income not taxable for tax purpose	(16,874)	(36,575)
Tax effect of expenses not deductible for tax purpose	72,396	42,210
Tax effect of tax losses not recognised	411	877
Tax effect of prior year's tax losses utilised in this year	(259)	(755)
Tax effect of origination and reversal of temporary difference	(26)	(8)
Recognised previously unrecognised deferred tax assets	(1,886)	–
Tax relief	(30)	(60)
Others	(107)	314
Income tax (credit)/expense for the year	(2,508)	1,181

13. DISCONTINUED OPERATIONS

On 19 May 2016, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser (the "Purchaser II"), pursuant to which the Purchaser II had agreed to acquire and the Company had agreed to sell the approximately 93.33% of the entire issued share capital of Ideal Market Holdings Limited ("Ideal Market"). Ideal Market and its subsidiaries (collectively, the "Disposal Group") represented the whole principal business segments of the Group in the businesses of Wastes Recycling and Trading of Petrochemical Products in the PRC. These business segments of the Disposal Group were classified as discontinued operations. The completion of the disposal took place on 30 August 2016.

Wastes Recycling and Trading of Petrochemical Products businesses were classified as discontinued operations.

	2018 HK$'000	2017 HK$'000
Loss for the year from discontinued operations	–	(1,900)
Gain on disposal of subsidiaries	–	59,784
	–	57,884

13. DISCONTINUED OPERATIONS (continued)

The result of the discontinued operations for the current and prior year are as follows:

	Waste recycling		Trading of petrochemical products		Total	
	2018	2017	**2018**	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	**–**	1,007	**–**	–	**–**	1,007
Cost of sales	**–**	(348)	**–**	–	**–**	(348)
Gross profit	**–**	659	**–**	–	**–**	659
Other income (Note 6)	**–**	104	**–**	–	**–**	104
Selling and distribution expenses	**–**	(164)	**–**	–	**–**	(164)
Administrative expenses	**–**	(2,339)	**–**	–	**–**	(2,339)
Finance costs (Note 8)	**–**	(580)	**–**	–	**–**	(580)
Loss before tax	**–**	(2,320)	**–**	–	**–**	(2,320)
Income tax credit	**–**	420	**–**	–	**–**	420
Loss for the year	**–**	(1,900)	**–**	–	**–**	(1,900)
Loss for the year attributable to:						
Owners of the Company					**–**	(1,856)
Non-controlling interests					**–**	(44)
					–	(1,900)

The cash flows of the discontinued operations for the current and prior year are as follows:

	2018	2017
	HK$'000	HK$'000
Net cash outflows used in operating activities	**–**	(150)
Net cash inflows from investing activities	**–**	–
Net cash inflows from financing activities	**–**	119
Net cash outflows	**–**	(31)

14. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2018 (2017: Nil), nor has any dividend been proposed since the end of the reporting period (2017: Nil).

15. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is as follows:

	Continuing and discontinued operations		**Continuing operations**	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
(Loss)/earnings				
(Loss)/earnings for the purpose of basic (loss)/earnings per share				
(Loss)/profit for the year attributable to owners of the Company	**(337,438)**	27,465	**(337,438)**	(30,463)

	Continuing and discontinued operations		**Continuing operations**	
	2018	2017	**2018**	2017
	'000	'000	**'000**	'000
Number of shares				
Issued ordinary shares at 1 April	**374,229**	3,742,286	**374,229**	3,742,286
Share consolidation (Note 31(a))	**–**	(3,368,057)	**–**	(3,368,057)
Effect of share allotments for settlement of promissory notes (Note 31(b))	**76,393**	–	**76,393**	–
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**450,622**	374,229	**450,622**	374,229

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the years ended 31 March 2018 and 2017 in respect of a dilution as the Group did not have any potential ordinary shares in issue during the years ended 31 March 2018 and 2017.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and office equipment HK$'000	Motor vehicles HK$'000	Motor vessel HK$'000	Total HK$'000
COST					
At 1 April 2016	978	1,166	2,047	14,000	18,191
Additions	24	1,356	–	–	1,380
Disposals	(6)	–	–	–	(6)
Exchange realignment	(5)	(51)	–	–	(56)
At 31 March 2017 and 1 April 2017	991	2,471	2,047	14,000	19,509
Additions	–	11	–	–	11
Written off	(64)	–	–	–	(64)
Exchange realignment	10	86	–	–	96
At 31 March 2018	**937**	**2,568**	**2,047**	**14,000**	**19,552**
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April 2016	187	274	958	5,600	7,019
Depreciation provided for the year	191	428	409	2,800	3,828
Eliminated on disposals	(4)	–	–	–	(4)
Exchange realignment	(2)	(18)	–	–	(20)
At 31 March 2017and 1 April 2017	372	684	1,367	8,400	10,823
Depreciation provided for the year	169	489	410	2,800	3,868
Eliminated on written off	(64)	–	–	–	(64)
Exchange realignment	6	51	–	–	57
At 31 March 2018	**483**	**1,224**	**1,777**	**11,200**	**14,684**
CARRYING AMOUNT					
At 31 March 2018	**454**	**1,344**	**270**	**2,800**	**4,868**
At 31 March 2017	619	1,787	680	5,600	8,686

17. GOODWILL

	2018 HK$'000	2017 HK$'000
COST		
At the beginning of the year	**94,647**	93,272
Arising on acquisition of subsidiaries (Note 37)	**–**	1,375
At the end of the year	**94,647**	94,647
ACCUMULATED IMPAIRMENT		
At the beginning of the year	**42,433**	1,779
Impairment loss recognised in respect of:		
– Internet Services business	**28,840**	33,129
– Trading of Gold and Diamond business	**–**	7,525
At the end of the year	**71,273**	42,433
CARRYING AMOUNT AT THE END OF THE YEAR	**23,374**	52,214

Goodwill has been allocated for impairment testing purposes to the following business segments of CGUs:

Internet Services business, Trading of Gold and Diamond business, Money Lending business and Financial Services business.

The carrying amount of goodwill was allocated to business segments of CGUs as follows:

	2018 HK$'000	2017 HK$'000
Internet Services business	**–**	28,840
Trading of Gold and Diamond business	**20,999**	20,999
Money Lending business	**1,000**	1,000
Financial Services business	**1,375**	1,375
At the end of the year	**23,374**	52,214

17. GOODWILL (continued)

Internet Services business

Goodwill of approximately HK$63,748,000 arose from the acquisition of 100% equity interest in Platinum Plus Investment Limited ("Platinum Plus") and was recognised at the date of acquisition. Platinum Plus, through its wholly-owned subsidiaries, is principally engaged in provision of internet online services in the PRC relating to product sales and marketing and web maintenance.

During the year ended 31 March 2018, the Group recognized full impairment of goodwill of approximately HK$28,840,000 in relation to the CGU of this Internet Services business as the recoverable amount of the CGU of Internet Services business was below the carrying amounts. In view of the challenges, competition and uncertainties faced by the business segment in the coming years, any events that result in a reduction in online retail and e-commerce customers could materially and adversely affect the Group's ability to maintain or increase current level of revenue, profitability and positive cash flow from operating activities in the future. The recoverable amount of the CGU of this Internet Services business at 31 March 2017 has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four-year period with growth rates of 25.09% per annum for the first year, 7.20% per annum for the second year, 20.22% per annum for the third year and 16.54% per annum for the fourth year, with a terminal value of approximately Renminbi ("RMB") 44,405,000 estimated based on a growth rate of 3% (representing the expected inflation rate) after the four-year period and at a discount rate of 27.35%. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the cash-generating unit and management's expectations for the market development.

Based on the impairment assessment, impairment loss on goodwill amounting to approximately HK$28,840,000 (2017: approximately HK$33,129,000) was recognised by the Group and charged to profit or loss for the year ended 31 March 2018, which is calculated based on the recoverable amount of the CGU of Internet Services business. Accumulated impairment losses amounted to approximately HK$63,748,000 (2017: approximately HK$34,908,000) at 31 March 2018 were recognised on goodwill allocated to Internet Services business.

17. GOODWILL (continued)

Trading of Gold and Diamond business

Goodwill of approximately HK$28,524,000 arose from the acquisition of 100% equity interest in Elite Honest Inc. ("Elite Honest") and was recognised at the date of acquisition. Elite Honest, through its wholly-owned subsidiary, is principally engaged in the trading of gold and diamond.

The recoverable amount of the CGU of this Trading of Gold and Diamond business has been determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period (2017: four-year period) with growth rates of 235.83% (2017: 27.16%) per annum for the first year, 2.6% (2017: 9.28%) per annum for the second year, 2.6% (2017: 3.5%) per annum for the third year, 2.6% (2017: 3.5%) per annum for the fourth year, 2.6% (2017: N/A) per annum for the fifth year, with a terminal value of approximately HK$31,174,000 (2017: approximately HK$32,759,000) estimated based on the growth rate of 2.6% (representing the expected inflation rate) after the five-year period (2017: four-year period) and at a discount rate of 16.69% (2017: 17.71%). Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows, including budgeted sales and gross margin, which is based on the past performance of the CGU and management's expectations for the market development. The significant growth rate was contributed by the recent performance and management's budget for the business income in the coming year.

Based on the impairment assessment, no impairment loss on goodwill (2017: impairment loss on goodwill amounting to approximately HK$7,525,000) was recognised by the Group and charged to the profit or loss for the year ended 31 March 2018, which is calculated based on the recoverable amount of the CGU of Trading of Gold and Diamond business. Accumulated impairment losses amounted to approximately HK$7,525,000 (2017: approximately HK$7,525,000) at 31 March 2018 were recognised on goodwill allocated to Trading of Gold and Diamond business.

Money Lending business

Goodwill of HK$1,000,000 arose from the acquisition of 100% equity interest in Great Luck Finance Limited ("Great Luck") and was recognised at the date of acquisition. Great Luck is principally engaged in provision of loans as money lending.

The recoverable amount of the CGUs of this Money Lending business has been determined based on a value in use calculated which uses cash flow projections based on financial budgets approved by the directors covering a one-year period.

Based on the impairment assessment, the directors consider that there is no impairment of goodwill based on the profitability of Money Lending business to which the goodwill relates.

17. GOODWILL (continued)

Financial Services business

During the year ended 31 March 2017, goodwill of approximately HK$1,375,000 arose from the acquisition of 100% equity interest in C.E. Securities and Asset Management Limited ("C. E. Securities") and was recognised at the date of acquisition (Note 37). C. E. Securities is principally engaged in the provision of financial advisory and intermediary services.

During the year ended 31 March 2017, the recoverable amount of the CGUs of this Financial Services business has been determined on the basis of their value in use using discounted cash flow method. The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and budgeted gross margin and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using a growth rate of 3%. This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows from the Group's securities brokerage and provision of securities margin finance is 28.63%.

During the year ended 31 March 2018, the recoverable amount of the CGUs of this Financial Services business has been determined on the basis of their fair value less cost of disposal using market based approach. A discount for lack of marketability of 15.9% has been adopted in arriving at the fair value of the CGUs. The fair value measurements of the CGUs are at Level 3 of the fair value hierarchy.

The fair value of the CGUs of Financial Services business segment as at date of 31 March 2018 has been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("Roma"), which is an independent qualified professional valuer not connected with the Group. The valuation reports on the goodwill were signed by a director of Roma who is a member of the Hong Kong Institute of Surveyors.

The directors consider that the market based approach is more appropriate to estimate the recoverable amount of the CGUs.

During the year ended 31 March 2018 and 31 March 2017, based on the impairment assessment, the directors consider that there is no impairment of goodwill.

18. INTANGIBLE ASSETS

	2018 **HK$'000**	2017 HK$'000
COST		
At the beginning of the year	**13,922**	–
Acquisition of a subsidiary (Note 37)	**–**	13,922
At the end of the year	**13,922**	13,922
ACCUMULATED AMORTISATION		
At the beginning and the end of the year	**–**	–
CARRYING AMOUNT AT THE END OF THE YEAR	**13,922**	13,922

As at 31 March 2018 and 31 March 2017, the carrying amount of intangible assets represented the regulated activities licenses issued by SFC ("the Licences").

The Licenses are acquired in a business combination and are recognised at fair value at the acquisition date. They have indefinite useful lives and carried at cost less accumulated impairment losses.

The fair value of the Licenses as at date of initial recognition have been arrived at on the basis of a valuation carried out by Roma Appraisals Limited ("Roma"), which is an independent qualified professional valuer not connected with the Group. The valuation reports on these licenses were signed by a director of Roma who is a member of the Hong Kong Institute of Surveyors. Roma also reviewed the useful life and concluded that events and circumstances continued to support the indefinite useful life assessment.

The Licenses were allocated to the CGUs of Financial Services business and have been tested for impairment on 31 March 2018 and 31 March 2017. Details of the impairment test are disclosed in note 17 to the consolidated financial statements.

Base on the impairment assessment, no impairment loss on intangible assets (2017: Nil) was recognised by the Group and charged to profit or loss for the year ended 31 March 2018.

19. INTEREST IN AN ASSOCIATE

	2018 **HK$'000**	2017 HK$'000
Unlisted		
Cost of investment in an associate	**204,358**	204,358
Share of post-acquisition loss and other comprehensive income, net of dividend received	**(6,068)**	(3,236)
At the end of the year	**198,290**	201,122

At the end of the reporting period, the Group had interest in the following associate:

Name of entity	Country/place of incorporation	Principal place of business	Particulars of issued and paid up capital	Proportion of ownership interest and voting power held by the Group		Principal activities
				2018	2017	
Pure Power Holdings Limited ("Pure Power") (Note)	British Virgin Islands ("BVI")	USA	8,500 ordinary shares, USD1 each	**49.41%**	49.41%	Investment holding and exploration and exploitation of natural resources.

Note:

Pure Power is an investment holding company and its subsidiary is principally engaged in exploration and exploitation of natural resources in the USA, which enables the Group to have exposure to this market through local expertise.

Summarised financial information in respect of Pure Power is set out below. The summarised financial information below represents amounts shown in Pure Power financial statements prepared in accordance with HKFRSs.

Pure Power is accounted for using the equity method in these consolidated financial statements.

	2018 **HK$'000**	2017 HK$'000
Current assets	**797**	1,059
Non-current assets	**452,386**	457,849
Current liabilities	**(61,938)**	(61,935)
Non-current liabilities	**(82,000)**	(81,995)
Equity	**309,245**	314,978

19. INTEREST IN AN ASSOCIATE (continued)

	2018 HK$'000	2017 HK$'000
Revenue	–	–
Loss and total comprehensive loss for the year	(5,733)	(6,548)
Dividends received during the year	–	–

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pure Power recognised in these consolidated financial statements:

	2018 HK$'000	2017 HK$'000
Gross amounts of net assets of the associate	309,245	314,978
Proportion of the Group's ownership interest	49.41%	49.41%
	152,798	155,630
Goodwill	45,492	45,492
Carrying amount of the Group's interest	198,290	201,122

20. AVAILABLE-FOR-SALE INVESTMENTS

	2018 HK$'000	2017 HK$'000
Equity investment fund, at fair value (Note)	59,044	–
Equity securities listed in Hong Kong, at market value (Note)	–	770,657
At the end of the year	59,044	770,657

Note:

The Group (as subscriber) entered into the subscription agreement with the fund company pursuant to which the Group made the subscription of specific shares in the fund. The investment and payment for the subscription was settled by the transfer of listed equity securities listed in Hong Kong, at market value to the fund company upon entering into the subscription agreement. Realised gain of approximately HK$79,814,000 in relation to the transfer of listed equity securities to the equity investment fund was recognised by the Group and recognised in profit or loss for the year ended 31 March 2018 (2017: Nil).

Please refer to the announcement dated 27 March 2017 and 3 July 2017 and circular dated 11 May 2017 for details.

For significant transactions on available-for-sale investment incurred during the year, please refer to P.5 of this report for the details.

20. AVAILABLE-FOR-SALE INVESTMENTS (continued)

Movements of the available-for-sale investment during the year are as follows:

	2018 HK$'000	2017 HK$'000
At the beginning of the year	**770,657**	835,517
Addition for equity investment fund	**260,298**	–
Addition for listed equity securities	**13,344**	276,100
Increase in fair value of listed equity securities	**–**	159,452
Increase in fair value of equity investment fund	**8,694**	–
Impairment loss recognised on listed equity securities	**(1,367)**	–
Impairment loss recognised on equity investment fund	**(209,948)**	–
Disposal of listed equity securities	**(502,882)**	(500,412)
Disposal of listed equity securities and transferred to equity investment fund	**(279,752)**	–
At the end of the year	**59,044**	770,657

Available-for-sale investment are measured at fair value at the end of the reporting period. The Group holds the equity investment fund (2017: listed equity securities) for long term investment purpose. Changes in fair value are recognised in other comprehensive income and accumulated in investments revaluation reserve, until the listed equity securities are disposed of or are determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

21. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**6,953**	6,054
Less: allowance for impairment loss	**(166)**	–
	6,787	6,054

The Group has a policy of allowing credit period ranging from 1 to 3 months to its trade customers. In addition, for certain customers with long-established relationship and good past repayment history, a longer credit period may be granted. The Group does not hold any collateral over the balances.

An aged analysis of trade receivables, net of impairment loss recognised, at the end of reporting period, based on the invoice date, is as follows:

	2018 HK$'000	2017 HK$'000
Within 3 months	**4,795**	3,402
4 to 6 months	**1,600**	1,940
Over 6 months	**392**	712
At the end of the year	**6,787**	6,054

21. TRADE RECEIVABLES (continued)

Movements in allowance for impairment loss of trade receivables are as follows:

	2018 HK$'000	2017 HK$'000
At the beginning of the year	–	–
Impairment loss recognised during the year	166	–
At the end of the year	166	–

As at 31 March 2018, trade receivables of approximately HK$166,000 of the Group (2017: Nil) were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. The Group does not hold any collateral over these receivables.

The aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	2018 HK$'000	2017 HK$'000
Not past due	4,795	4,650
Less than 3 months past due	1,600	687
4 to 6 months past due	2	717
Over 6 months past due	390	–
At the end of the year	6,787	6,054

The Group's trade receivables that are neither past due nor impaired mainly represent sales made to recognised and creditworthy customers. These customers who trade on credit terms are subject to credit verification procedures. No impairment is required for the past due balances based on the Group's assessment of their recoverability.

At 31 March 2018 and 2017, the trade receivables were denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
RMB	295	762
United States dollars ("USD")	95	–
HK$	6,393	5,292
British Pound ("GBP")	4	–
	6,787	6,054

22. LOAN AND INTEREST RECEIVABLES

	2018 HK$'000	2017 HK$'000
Loan receivables	50,000	84,000
Interest receivables	3,994	1,427
	53,994	85,427
Less: non-current portion	(50,000)	–
	3,994	85,427

Included in the gross balances are loans of approximately HK$50,000,000 which was secured by corporate guarantee from independent third parties and listed shares in Hong Kong (2017: approximately HK$84,000,000 secured by listed shares in Hong Kong).

At 31 March 2018, the loan receivables arising from Money Lending business bear fixed interest rate 20% per annum (2017: 20%). The effective interest rate of the loan receivables is 20% (2017: 20%) per annum.

The maturity profile of these loan receivables from customers (including interest receivables), at the end of the reporting period, analysed by remaining periods to their contracted maturity, is as follow:

	2018 HK$'000	2017 HK$'000
Repayable:		
Within 3 months	–	35,427
Over 3 months but less than 1 year	3,994	50,000
Over 1 year but less than 2 years	50,000	–
	53,994	85,427

The loan receivables from customers have been reviewed by management of the Company to assess impairment allowances which are based on the evaluation of collectability, ageing analysis of accounts and on management's judgment, including the current creditworthiness, the value of pledged assets and the past collection statistics of individually significant accounts or a portfolio of accounts on a collective basis.

22. LOAN AND INTEREST RECEIVABLES (continued)

The past due ageing of the loan and interest receivables, net of allowance for doubtful debts are as follow:

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**53,994**	85,427

(i) Based on the evaluation of collectability, the value of pledged assets and aged analysis of accounts, the management assessed that the amount is expected to be recovered.

The fair value of the Group's loan and interest receivables, determined based on the present value of the estimated future cash flows discounted using the applicable interest rate at the end of reporting period, approximates to the carrying amount of the loan and interest receivables.

The loan receivables outstanding as at 31 March 2018 and 2017 are denominated in Hong Kong dollars ("HK$").

23. STATUTORY DEPOSITS

	2018	2017
	HK$'000	HK$'000
Statutory deposits	**205**	205

Statutory deposits represent deposits with The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited. They are non-interest bearing.

24. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS PAID

	2018 HK$'000	2017 HK$'000
Other receivables	27	85
Prepayments	28	335
Deposits paid	2,235	5,369
	2,290	5,789
Deduct: non-current portion	(377)	(372)
	1,913	5,417

All of the other receivables, prepayments and deposits paid are expected to be recovered or recognised as expense within one year except for rental, utility and sundry deposits of approximately HK$407,000 (2017: approximately HK$764,000) which are expected to be recovered after more than one year.

25. CASH DEPOSITS HELD BY SECURITIES BROKERS AND BANK BALANCES AND CASH

Bank balances and cash and cash deposits held by securities brokers comprise cash held by the Group and deposits with banks and securities brokers with an original maturity of three months or less. These deposits carry interest at market rates ranging from 0.001% to 0.01% (2017: 0.001% to 0.35%) per annum.

At 31 March 2018 and 2017, the cash deposits held by securities brokers were denominated in HK$.

At 31 March 2018 and 2017, the bank balances and cash were denominated in the following currencies:

	2018 HK$'000	2017 HK$'000
RMB	26	9
USD	127	277
HK$	5,487	66,686
	5,640	66,972

26. OTHER CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities

The following table details changes in the group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classifies in the Group's consolidated statement of cash flows statement as cash flows from financing activities.

	Unconvertible bonds	Promissory notes payable	Loan and interest payables	Total
	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 33)	(Note 30)	(Note 28)	
At 1 April 2017	30,736	143,070	–	173,806
Changes from financing cash flows:				
Proceeds from loan payable	–	–	1,800	1,800
Repayments of promissory notes payable	–	(83,694)	–	(83,694)
Repayments of unconvertible bonds	(20,000)	–	–	(20,000)
Interest paid	(1,264)	(10,306)	–	(11,570)
Total changes from financing cash flows	**(21,264)**	**(94,000)**	**1,800**	**(113,464)**
Other changes:				
Interest expenses (Note 8)	686	2,470	53	3,209
Repayments of promissory notes payable by issue of shares	–	(56,671)	–	(56,671)
Loss on settlement of promissory notes	–	5,131	–	5,131
Total other changes	686	(49,070)	53	(48,331)
At 31 March 2018	**10,158**	**–**	**1,853**	**12,011**

27. TRADE PAYABLES

	2018 HK$'000	2017 HK$'000
Amounts payable arising from securities broking:		
Clearing house (note a)	**232**	–
Cash clients (note b)	**103**	–
Other trade payables (note c)	**–**	425
	335	425

Note:

(a) The settlement terms of amounts payable to clearing house arising from securities broking are two trade days after the trade execution date. The balance is aged within 30 days.

(b) Amounts payable to cash clients are repayable on demand. No aged analysis is disclosed as, in the opinion of the management, the aged analysis does not give additional value in view of the nature of the business.

(c) Other trade payables related to Trading of Gold and Diamond business with credit period on purchase of goods ranges from 60 to 90 days which was aged within 30 days.

At 31 March 2018 and 2017, the trade payables were denominated in HK$.

28. LOAN AND INTEREST PAYABLES

	2018 HK$'000	2017 HK$'000
Unsecured loans	**1,800**	–
Interest payable (note 8)	**53**	–
	1,853	–

Note:

(a) The maturity of unsecured loans with the interest payable are repayable on demand. At 31 March 2018, the unsecured loans are dominated in HK$, with principal of HK$1,000,000 and HK$800,000 bearing fixed interest rate at 10% and 5% (2017: Nil) per annum respectively.

(b) The unsecured loan, with principal of HK$800,000 and outstanding interest of approximately HK$2,000 was financed by the former director, Chen Tong.

29. OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Other accrued charges and payables	**18,871**	20,582
Receipt in advance	**454**	212
	19,325	20,794

As at 31 March 2018 and 2017, all of the other payables and accruals are expected to be settled or recognised as income within one year or are payable on demand.

30. PROMISSORY NOTES PAYABLE

	2018 HK$'000	2017 HK$'000
Promissory notes payable		
– issued on 18 September 2015, unsecured (Note a)	**–**	33,689
– issued on 29 January 2016, unsecured (Note b)	**–**	109,381
	–	143,070

	2018 HK$'000	2017 HK$'000
Represented by:		
– Current	**–**	143,070
– Non-current	**–**	–
	–	143,070

(a) Promissory notes issued on 18 September 2015 (the "Note A")

On 18 September 2015, the Company issued promissory notes with the aggregate principal amount of HK$30,000,000 as the consideration for the acquisition of 100% of the issued share capital in Elite Honest. The notes are unsecured, carry interests at 8% per annum and are wholly payable on the date which is 24 months after the date of the issue of promissory notes.

At 1 April 2017, the promissory note with the principal amount of HK$30,000,000 remained outstanding. Subsequent to 1 April 2017, the Company settled the promissory note with principal amount of HK$30,000,000 together with accrued interest thereon of approximately HK$5,181,000 by issue of 87,000,000 settlement shares (note 31(b)). Loss on settlement of promissory amounting approximately HK$1,358,000 was charged to profit or loss for the year ended 31 March 2018.

The fair value of the Note A at the date of issue was estimated to be HK$30,000,000, based on the effective interest rate of 8% per annum.

30. PROMISSORY NOTES PAYABLE (continued)

(b) Promissory notes issued on 29 January 2016 (the "Note B")

On 29 January 2016, the Company issued promissory notes with the aggregate principal amount of HK$100,000,000 as the consideration for the acquisition of 39.41% of the issued share capital in Pure Power. The notes are unsecured, carry interests at 8% per annum and are wholly payable on the date which is 12 months after the date of the issue of promissory notes. During the year ended 31 March 2017, the repayment date has been extended and the Note B should be fully repaid during the year ended 31 March 2018.

At 1 April 2017, the promissory note with the principal amount of HK$100,000,000 remained outstanding. Subsequent to 1 April 2017, the Company repaid the promissory note with principal amount of HK$100,000,000 together with accrued interest thereon of approximately HK$10,358,000 for an aggregate cash consideration of HK$94,000,000 and issue of 62,910,000 settlement shares (note 31(b)). Loss on settlement of promissory amounting approximately HK$3,773,000 was charged to profit or loss for the year ended 31 March 2018.

The fair value of the Note B at the date of issue was estimated to be HK$100,000,000, based on the effective interest rate of 8% per annum.

Movements of the promissory notes payable during the year are as follows:

	Note A HK$'000	**Note B** HK$'000	**Total** HK$'000
At 1 April 2016	31,289	101,381	132,670
Interest charged for the year	2,400	8,000	10,400
At 31 March 2017 and 1 April 2017	33,689	109,381	143,070
Interest charged for the year (Note 8)	1,493	977	2,470
Settlement of promissory notes and interests thereof	(36,540)	(114,131)	(150,671)
Loss on settlement of promissory notes (Note 7)	1,358	3,773	5,131
At 31 March 2018	–	–	–

31. SHARE CAPITAL

	Number of shares '000	Nominal amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 1 April 2016, 31 March 2017 and 1 April 2017	100,000,000	1,000,000
Share consolidation (Note a)	(90,000,000)	–
Ordinary shares of HK$0.1 each at 31 March 2017, 1 April 2017 and 31 March 2018	**10,000,000**	**1,000,000**

	Number of shares '000	Nominal amount HK$'000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 April 2016	3,742,286	37,423
Share consolidation (Note a)	(3,368,057)	–
Ordinary shares of HK$0.1 each at 31 March 2017 and 1 April 2017	374,229	37,423
Issue of shares upon settlement of promissory notes (Note b)	149,910	14,991
Ordinary shares of HK$0.1 each at 31 March 2018	**524,139**	**52,414**

Notes:

(a) On 12 September 2016, the Company proposed to implement a share consolidation scheme on the basis that every ten issued and unissued shares of HK$0.01 each in the share capital of the Company were consolidated into one consolidated share of HK$0.1 each. The share consolidation was effected on 21 October 2016.

(b) On 11 July 2017, the Company entered into the deed of settlement with the Promissory Notes Holder, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 62,910,000 settlement shares at the issue price of HK$0.26 per settlement share to the promissory notes holder or its nominee. The settlement shares were issued under the general mandate and allotted on 24 July 2017 at fair value of shares on the same day of HK$0.32 per share.

On 31 October 2017, the Company further entered into the deed of settlement with another Promissory Notes Holder, pursuant to which the Company has agreed to settle the outstanding amount of promissory notes and accrued interests thereon by issue of 87,000,000 settlement shares at the issue price of HK$0.4 per settlement share. The settlement shares were issued under the general mandate and allotted on 13 November 2017 at fair value of shares on the same day of HK$0.42 per share.

All the new ordinary shares issued and allotted during both of the years presented rank pari passu in all respect with the then existing ordinary shares of the Company.

32. SHARE OPTION SCHEME

On 30 August 2011, the Company adopted a new share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Pursuant to the ordinary resolution passed at the annual general meeting of the Company held on 11 September 2017, the scheme mandate limits of the Scheme were refreshed and renewed (the "Refreshment").

A summary of the Scheme of the Company is as follows:

Purpose	To provide incentives and rewards to eligible participants for their contributions to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest (the "Invested Entity").
Eligible participants	(i) any employee (whether full-time or part-time), executive directors, non-executive directors and independent non-executive directors of the Company or any of its subsidiaries or Invested Entity; (ii) any supplier of goods or services to any member of the Group or any Invested Entity; any customer of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity; and (iii) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity.
Total number of ordinary shares available for issue under the Scheme and the percentage of the issued share capital that it represents as at the date of the approval of these consolidated financial statements	43,713,864 ordinary shares of HK$0.1 each and approximately 8.34% of the issued share capital after the Refreshment.
Maximum entitlement of each eligible participant	Where any grant or further grant of options to an eligible participant would result in the total number of shares issued and to be issued upon exercise of all the options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such grant or further grant representing in aggregate over 1% of the total number of shares in issue, such grant or further grant must be separately approved by the shareholders in a general meeting.

32. SHARE OPTION SCHEME (continued)

Where any grant or further grant of options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including exercised, cancelled and outstanding options) to such person in the 12-month period up to and including the date of such grant:

(a) representing in aggregate over 0.1% of the relevant class of shares in issue; and

(b) having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5,000,000,

such grant or further grant of options must be approved by the shareholders in a general meeting.

Period within which the securities must be taken up under an option	An option may be exercised at any time during a period to be determined and notified by the directors to each grantee, but shall end in any event not later than 10 years from the date of offer of the grant of options subject to the provisions for early termination set out in the Scheme.
Minimum period for which an option must be held before it can be exercised	There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the directors.
Amount payable on acceptance of the option and the period within which such payment must be made	The offer of a grant of share options may be accepted within 28 days from the date of offer with a consideration of HK$1.00 being payable by the grantee.
Exercise price	Determined by the directors but shall not be less than the highest of (i) the closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets on the date of offer of the grant of options, which must be a trading day; (ii) the average closing price of the ordinary shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of offer of the grant of options; and (iii) the nominal value of shares.

33. UNCONVERTIBLE BONDS

Movements in the unconvertible bonds during the year are as follows:

	2018 HK$'000	2017 HK$'000
At the beginning of the year	**30,736**	20,434
Addition	**–**	10,000
Repayment during the year	**(20,000)**	–
Interest charges for the year (Note 8)	**686**	1,302
Interest paid during the year	**(1,264)**	(1,000)
At the end of the year	**10,158**	30,736

In July 2012 and October 2012, the Company issued unconvertible bonds with the aggregate principal amounts of HK$20,000,000 giving rise to total proceeds of HK$20,000,000. The unconvertible bonds, which are unsecured and carry interest at 5% per annum, are wholly repayable by the Company on the maturity date of 31 May 2017 at the principal amount. At 1 April 2017, the unconvertible bonds with the principal amount of HK$20,000,000 was remained outstanding. Subsequent to 1 April 2017, the Company repaid the unconvertible bonds with principal amount of HK$20,000,000 together with accrued interest thereon of approximately HK$764,000 for a cash consideration of approximately HK$20,764,000. The effective interest rate of the unconvertible bonds in respect of the year ranged from 5.55% to 5.65% per annum (2017: ranged from 5.55% to 5.65% per annum).

In December 2016, the Company issued a new unconvertible bond with the aggregate principal amounts of HK$10,000,000 giving rise to total proceeds of HK$10,000,000 which provides working capital to the Group. The unconvertible bond, which is unsecured and carries interest at 5% per annum, are wholly repayable by the Company on the maturity date of 5 December 2023 at the principal amount. At 31 March 2018, the unconvertible bond with the principal amount of HK$10,000,000 (2017: HK$ 10,000,000) remained outstanding. The effective interest rate of the unconvertible bond in respect of the year is 4.92% per annum (2017: 4.92% per annum).

	2018 HK$'000	2017 HK$'000
Represented by:		
– Current	**–**	20,585
– Non-current	**10,158**	10,151
	10,158	30,736

34. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the current year.

	Fair value adjustment on business combination	Unused tax losses	Total
	HK$'000	HK$'000	HK$'000
At 1 April 2016	–	–	–
Acquisition of a subsidiary (Note 37)	(2,297)	–	(2,297)
At 31 March 2017 and 1 April 2017	(2,297)	–	(2,297)
Charge to profit or loss	–	2,820	2,820
At 31 March 2018	(2,297)	2,820	523

	2018	2017
	HK$'000	HK$'000
Deferred tax assets recognized	**523**	–
Deferred tax liabilities recognized	**–**	(2,297)

At the end of the reporting period, the Group had unused tax losses of approximately HK$19,585,000 (2017: approximately HK$13,555,000) available for offset against future profits. No deferred tax liabilities (2017: Nil) has been recognised in respect of the unused tax losses. Deferred tax asset of approximately HK$2,820,000 has been recognised for the year ended 31 March 2018 (2017: Nil). The tax losses have no expiry date under current tax legislation.

35. EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plan

The Group has participated in defined contribution retirement schemes established under Mandatory Provident Fund Ordinance ("MPF Schemes") for its employees in Hong Kong. The assets of the MPF Schemes are held separately from those of the Group in funds under the control of independent trustees. Under the rules of the MPF Schemes, each of the employer and its employees are generally required to make contributions to the schemes at 5% of the employee's relevant monthly income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The employees of PRC subsidiaries of the Company are members of state-managed retirement benefits schemes operated by the PRC Government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

No forfeited contributions were recognised for the year ended 31 March 2018 (2017: Nil) and there were no material forfeitures available to reduce the Group's future contributions as at 31 March 2018 and 2017.

36. OPERATING LEASE COMMITMENTS

The Group as lessee

The Group rented certain office premises under operating lease arrangements, with the leases negotiated for a term within one to three years (2017: within one to three years).

At the end of the reporting period, the Group had total future minimum lease payments under the non-cancellable operating leases falling due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**1,240**	2,182
Later than one year and within five years	**121**	1,514
	1,361	3,696

37. BUSINESS COMBINATIONS

For the year ended 31 March 2017

On 9 August 2016, the Group has completed the acquisition of the entire issued share capital of C.E. Securities at a consideration of approximately HK$17,034,000.

C.E. Securities is incorporated in Hong Kong with limited liability and is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong).

The acquisition has been accounted for business combination using the acquisition method. The effect of the acquisition is summarised as follows:

Consideration transferred

	HK$'000
Consideration paid by cash	17,034

Recognised amounts of identifiable assets acquired and liabilities assumed

	HK$'000
Intangible assets (Note 18)	13,922
Bank balances and cash	4,693
Other payables and accruals	(659)
Deferred tax liabilities	(2,297)
Total identifiable net assets	15,659

Goodwill arising on acquisition

	HK$'000
Consideration attributable to acquisition	17,034
Total identifiable net assets	(15,659)
Goodwill arising on acquisition (Note 17)	1,375

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

37. BUSINESS COMBINATIONS (continued)

Net cash outflow in respect of acquisition of the subsidiary

	HK$'000
Cash consideration paid in the year	17,034
Less: Bank balances and cash acquired	(4,693)
Net cash outflow on acquisition of the subsidiary	12,341

Acquisition-related costs amounting to approximately HK$2,077,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the "administrative expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Since acquisition, C.E. Securities has contributed revenue of approximately HK$1,306,000 and a loss of approximately HK$4,380,000 to the Group.

Impact of acquisitions on the results of the Group

Had these business combinations been affected at 1 April 2016, the revenue of the Group would have been HK$69,253,000 approximately, and the profit for year would have been approximately HK$26,801,000. The directors of the Group consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

38. DISPOSAL OF SUBSIDIARIES

As more explained in Note 13 in respect of the disposal of Ideal Market, the results of Disposal Group together with the related gain on disposal have been presented as discontinued operations in the consolidated financial statements. The completion of the disposal took place on 30 August 2016.

Consideration received and receivable

	HK$'000
Consideration received in cash	150,000

38. DISPOSAL OF SUBSIDIARIES (continued)

Analysis of assets and liabilities at the date of disposal over which control was lost

	HK$'000
Non-current assets	
Property, plant and equipment	5,182
Goodwill	122,122
Intangible assets	20,403
	147,707
Current assets	
Trade receivable	3,161
Other receivables, prepayments and deposits paid	21,476
Bank balances and cash	2,559
	27,196
Current liabilities	
Trade payables	(742)
Other payables and accruals	(43,717)
Income tax payables	(20,471)
Bank and other borrowings	(21,487)
Deferred tax liabilities	(5,144)
	(91,561)
Net assets disposed of	83,342

Gain on disposal of subsidiaries

	HK$'000
Consideration received and receivable	150,000
Net assets disposed of	(83,342)
Reclassification relating to foreign operation disposed of	(4,509)
Non-controlling interests	(2,365)
Gain on disposal of subsidiaries	59,784

38. DISPOSAL OF SUBSIDIARIES (continued)

Net cash inflow on disposal of subsidiaries

	HK$'000
Cash consideration received in the year	100,000
Less: Bank balances and cash disposed of	(2,559)
Net cash inflow on disposal of subsidiaries	97,441

39. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2018, the Group redeemed outstanding promissory notes with aggregate principal and interest amounted to approximately HK$145,540,000 which was settled as to HK$94,000,000 by cash and approximately HK$56,671,000 by issue of the Company's shares (note 31(b)). The loss on settlement of promissory notes of approximately HK$5,131,000 was recognised in profit or loss during the year ended 31 March 2018 (note 7).

(b) During the year, the Group (as subscriber) entered into the subscription agreement with the fund company pursuant to which the Group made the subscription of specific shares in the equity investment fund. On 21 June 2017, the investment and payment for the subscription was settled by the transfer of equity securities listed in Hong Kong, at market value of approximately HK$260,298,000 to the fund company upon entering into the subscription agreement. Realised gain of approximately HK$79,814,000 in relation to the transfer of equity securities to the equity investment fund was recognised by the Group and recognised in profit or loss for the year ended 31 March 2018.

(c) During the year ended 31 March 2017, the Group had no major non-cash transaction.

40. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties:

Compensation of key management personnel of the Group, who were the directors of the Company, are as follows:

	2018 **HK$'000**	2017 HK$'000
Short-term employee benefits	**2,063**	2,272
Post-employment benefits	**19**	18
Total compensation paid to key management personnel	**2,082**	2,290

The remuneration of directors is determined by the Remuneration Committee and having regard to the performance of individuals and market trends.

Further details of directors' emoluments are included in Note 10.

41. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group reviews the capital structure periodically. As a part of this review, the Group considers costs of capital, its bank covenant obligations and the risks associated with issued share capital and may adjust its overall capital structure through the drawn down of bank borrowings, the repayment of existing borrowings or the adjustment of dividend to shareholders.

The capital structure of the Group consists of net debt and equity attributable to owners of the Company. Net debt includes trade payables, other payables and accruals, loan and interest payables, promissory notes payable, bank and other borrowings, financial liabilities designated at fair value through profit or loss ("FVTPL"), unconvertible bonds less the aggregate of restricted bank deposits, cash deposits held by securities brokers and bank balances and cash. Equity attributable to owners of the Company includes issued share capital and reserves.

All licensed corporations within the Group complied with their required liquid capital during the year ended 31 March 2018.

During the year ended 31 March 2018, the Group's strategy, which was unchanged from prior year, was to maintain the debt equity ratio to be in a net cash position. The net debts as at 31 March 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Trade payables	**335**	425
Loan and interest payables	**1,853**	–
Other payables and accruals	**19,325**	20,794
Promissory notes payable	**–**	143,070
Unconvertible bonds	**10,158**	30,736
Less: Restricted bank deposits, cash deposits held by securities brokers and bank balances and cash	**(5,641)**	(67,051)
Net debt	**26,030**	127,974
Equity attributable to owners of the Company	**337,849**	1,012,737
Capital and net debt	**363,879**	1,140,711
Gearing ratio	**7%**	11%

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amount of the Group's financial assets and liabilities as recognised at the end of each reporting period are categorised as follows:

	2018 HK$'000	2017 HK$'000
Financial assets		
Available-for-sale investments	**59,044**	770,657
Loan and receivables		
Trade receivables	**6,787**	6,054
Loan and interest receivables	**53,994**	85,427
Other receivables and deposits paid	**2,467**	5,659
Cash deposits held by securities brokers	**1**	79
Bank balances and cash	**5,640**	66,972
	127,933	934,848
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**335**	425
Loan and interest payables	**1,853**	–
Other payables and accruals	**19,325**	20,794
Promissory notes payable	**–**	143,070
Unconvertible bonds	**10,158**	30,736
	31,671	195,025

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, trade receivables, loan and interest receivables, other receivables and deposits paid, cash deposits held by securities brokers, bank balances and cash, trade payables, loan and interest payables, other payables and accruals, promissory notes payable, and unconvertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group does not enter into trade derivative instruments for speculative purposes. There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

42. FINANCIAL INSTRUMENTS (continued)

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

Market risk

(i) Currency risk

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

For the two years ended 31 March 2018 and 2017, the Group mainly earned revenue in HK$ and RMB and incurred costs in HK$ and RMB. Although the Group currently does not have any foreign currency hedging policies, it manages its currency exposure by ensuring that the revenue earned in RMB are used to pay for RMB denominated costs. Funds raised from financing activities which are mainly in HK$ are used to pay for HK$ expenses.

The monetary assets and monetary liabilities of the Group at the end of reporting date denominated in currencies other than functional currencies of the related entities are as follows:

	2018 **HK$'000**	2017 HK$'000
Assets		
USD	**223**	3,688
GBP	**4**	–
	227	3,688
Liabilities		
USD	**–**	425
	–	425

42. FINANCIAL INSTRUMENTS (continued)

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

Market risk *(continued)*

(ii) Other price risks

As at 31 March 2018, there is no investments in listed equity securities hold by the Group. The Group is exposed to equity price risk mainly through its investments in listed equity securities during the year ended 31 March 2017. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity price risk is mainly concentrated on similar equity securities quoted on the Hong Kong Stock Exchange.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices has been 5% higher/lower, other comprehensive income for the year ended 31 March 2017 would increase/decrease by approximately HK$38,533,000 as a result of the changes in fair value of available-for-sale investments.

(iii) Fair value and cash flow interest rate risk

The Group has loan receivables, cash deposits held by securities brokers, bank balances, promissory notes payable, loan payables and unconvertible bonds which bear interest and are therefore exposed to interest rate risk. Cash deposits held by securities brokers and bank balances bearing at variable rates expose the Group to cash flow interest rate risk. Loan receivables, promissory notes payable, loan payables, convertible notes and unconvertible bonds bearing at fixed rates expose the Group to fair value interest rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risk.

Assuming the restricted bank deposits, cash deposits held by securities brokers and bank balances with variable rates outstanding at the end of the reporting period were outstanding for the whole year if interest rates had increased by 100 basis points (2017: 100 basis points) and all other variables held constant, there was a decrease in post-tax loss by approximately HK$56,000 (2017: a decrease by approximately HK$671,000). If interest rates had decreased by 100 basis points (2017: 100 basis points), there would be an equal but opposite impact on the results for the year. A 100 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

42. FINANCIAL INSTRUMENTS (continued)

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

Credit risk

The carrying amounts of the trade and other receivables and loan and interest receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk. The Group manages the credit risk by setting up a team responsible for the determination of credit terms, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debt. In addition, it is the Group's policy to review regularly the recoverable amount of trade and other receivables and loan and interest receivables to ensure that adequate impairment provisions are made against the irrecoverable amounts. Trade receivables consist of a number of customers, spread across diverse industries and geographical areas.

As at 31 March 2018, the Group has concentration of credit risk as 50% (2017: 45%) of the total trade receivables were due from the Group's largest customer from Trading of Gold and Diamond business (2017: Trading of Gold and Diamond business); and 100% (2017: 99%) of the total trade receivables were due from the Group's five largest customers from Trading of Gold and Diamond business (2017: Trading of Gold and Diamond business and Internet Services business).

As at 31 March 2018, the Group has concentration of credit risk as 54% (2017: 30%) of the total loan and interest receivables were due from the Group's largest customer.

The credit risk on liquid funds of bank deposits is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies and authorised banks in the PRC.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it meets the liquidity requirements in the short and longer term.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of an adequate amount of committed credit facilities. Management aims to maintain flexibility in funding by keeping credit lines available.

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

42. FINANCIAL INSTRUMENTS (continued)

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

Liquidity risk *(continued)*

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

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

	Within 3 months or on demand HK$'000	3 months to 1 year HK$'000	1 to 5 years HK$'000	Over 5 years HK$'000	Undiscounted cash flows HK$'000	Carrying amount HK$'000
As at 31 March 2018						
Non-derivative financial liabilities						
Trade payables	335	–	–	–	335	335
Loan and interest payables	1,853	–	–	–	1,853	1,853
Other payables and accruals	19,325	–	–	–	19,325	19,325
Unconvertible bonds	–	500	2,000	10,500	13,000	10,158
	21,513	500	2,000	10,500	34,513	31,671
As at 31 March 2017						
Non-derivative financial liabilities						
Trade payables	425	–	–	–	425	425
Other payables and accruals	20,794	–	–	–	20,794	20,794
Promissory notes payable	–	152,194	–	–	152,194	143,070
Unconvertible bonds	20,771	500	2,000	11,000	34,271	30,736
	41,990	152,694	2,000	11,000	207,684	195,025

The directors of the Company have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to meet the liquidity requirement. In order to improve the Group's liquidity, the Group implemented or is in the process of implementing the following measure:

– The Group is taking measures to tighten cost controls over administrative and other operating expenses aiming at improving the working capital and cash flow position of the Group including closely monitoring the daily operating expenses.

42. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement

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

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Included in the Group's financial assets are listed available-for-sale investments which are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined, in particular, the valuation technique(s) and input used. The Group had no financial liabilities which are measured at fair value at the end of the reporting period.

	Fair value as at 31 March		**Fair value hierarchy**	**Valuation technique(s) and key input**
	2018 HK$'000	2017 HK$'000		
Financial assets				
Equity investment fund (Note 20)	**59,044**	–	Level 2	Net asset values of the underlying assets. The net asset values were determined with reference to observable (quoted) prices of underlying investment portfolio and adjustments of related expenses
Listed equity securities (Note 20)	**–**	770,657	Level 1	Quoted bid prices in an active market

During the year, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil). The Group's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.

42. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

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

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Investments in subsidiaries	a	**26,240**	51,240
Interest in an associate		**198,290**	201,122
Available-for-sale investments		**–**	488,477
		224,530	740,839
Current assets			
Other receivables, prepayments and deposits paid		**50**	330
Amounts due from subsidiaries	b	**151,091**	401,871
Tax recoverable		**389**	–
Cash deposits held by securities brokers		**1**	70
Bank balances and cash		**119**	58,998
		151,650	461,269
Current liabilities			
Loan and interest payables		**1,853**	–
Other payables and accruals		**16,725**	17,270
Unconvertible bonds		**–**	20,585
Promissory notes payable		**–**	143,070
Amount due to subsidiary	b	**2,181**	–
		20,759	180,925
Net current assets		**130,891**	280,344
Total assets less current liabilities		**355,421**	1,021,183
Non-current liabilities			
Unconvertible bonds		**10,158**	10,151
		345,263	1,011,032

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

	Notes	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital		**52,414**	37,423
Share premium and reserves	c	**292,849**	973,609
		345,263	1,011,032

(a) Investments in subsidiaries

	2018 HK$'000	2017 HK$'000
Unlisted investments, at cost	**93,673**	93,673
Less: Impairment losses recognised	**(67,433)**	(42,433)
	26,240	51,240

(b) Amounts due from/(to) subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand, except for the loan made to a subsidiary with remaining principal amount of HK$46,700,000, bearing interest rate at Hong Kong Prime Rate plus 10% annum, which is unsecured and repayable on demand.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

(c) Share premium and reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Investments revaluation reserve HK$'000	Exchange reserve HK$'000	Capital redemption reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	2,601,203	62,604	319,847	2,188	464	(2,034,520)	951,786
Profit for the year	–	–	–	–	–	36,117	36,117
Other comprehensive income/(expense)							
Reclassification adjustments upon disposal of subsidiaries	–	–	–	(2,188)	–	–	(2,188)
Increase in fair value of available-for-sale investments	–	–	175,157	–	–	–	175,157
Reclassification adjustments for gains on disposal of available-for-sale investments included in profit or loss	–	–	(187,263)	–	–	–	(187,263)
Total comprehensive income/(expense) for the year	–	–	(12,106)	(2,188)	–	36,117	21,823
At 31 March 2017 and 1 April 2017	2,601,203	62,604	307,741	–	464	(1,998,403)	973,609
Loss for the year	–	–	–	–	–	(414,679)	(414,679)
Other comprehensive expense							
Reclassification adjustments for gains on disposal of available-for-sale investments included in profit or loss	–	–	(307,741)	–	–	–	(307,741)
Total comprehensive expense for the year	–	–	(307,741)	–	–	(414,679)	(722,420)
Settlement on promissory notes by issue of shares	41,680	–	–	–	–	–	41,680
Share issue expenses	(20)	–	–	–	–	–	(20)
At 31 March 2018	**2,642,863**	**62,604**	**–**	**–**	**464**	**(2,413,082)**	**292,849**

Note: The contributed surplus of the Company at 31 March 2018 and 31 March 2017 represents the excess of the fair value of the subsidiaries acquired pursuant to the reorganisation in 1994, over the nominal value of the Company's shares issued for their acquisition. Under the Companies Act of Bermuda, the contributed surplus shall not be distributed to the shareholders if there are reasonable grounds for believing that:

(i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital.

44. SUBSIDIARIES

Details of the Group's principal subsidiaries at the end of the reporting period:

Name of company	Place of incorporation/ establishment	Class of share held	Issued share capital/ registered capital	Proportion of ownership interest held by the Company				Proportion of voting power held		Principal activities
				Directly		Indirectly				
				2018 %	2017 %	**2018** %	2017 %	**2018** %	2017 %	
Golden Fair Holdings Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Investment holding
Gold Castle Group Limited	BVI	Ordinary shares	US$1	**100**	100	**–**	–	**100**	100	Investment holding
Long Great International Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Greenland Holdings Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Investment holding
Platinum Plus International Limited	BVI	Ordinary shares	US$100	**100**	100	**–**	–	**100**	100	Investment holding
Ritz Services (HK) Limited (formerly named as "Ritz Healthcare Management Services (HK) Limited")	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of internet online services relating to product sales and marketing and web maintenance
Ritz Trading (Shanghai) Co., Limited[1]	PRC	Registered capital	HK$1,000,000	**–**	–	**100**	100	**100**	100	Provision of internet online services relating to product sales and marketing and web maintenance
Orient Time Investment Limited	Hong Kong	Ordinary shares	HK$1	**100**	100	**–**	–	**100**	100	Securities investment
Great Luck Finance Limited	Hong Kong	Ordinary shares	HK$1	**–**	–	**100**	100	**100**	100	Provision of loan as money lending
Elite Honest Inc.	BVI	Ordinary shares	US$1	**100**	100	**–**	–	**100**	100	Investment holding
H & S Creation Limited	Hong Kong	Ordinary shares	HK$100	**–**	–	**100**	100	**100**	100	Trading of gold and diamond
C.E. Securities and Asset Management Limited	Hong Kong	Ordinary shares	HK$20,750,000	**–**	–	**100**	100	**100**	100	Provision of financial advisory and intermediary services

Notes:

1 The subsidiary is registered as a wholly-foreign-owned enterprise under the PRC laws. The English name of certain of the company referred to above in this note represent management's best efforts in translating the Chinese name of this company as no English name have been registered or available.

2 The subsidiaries are registered as limited liability enterprises under the PRC laws.

45. EVENTS AFTER THE REPORTING PERIOD

In addition to those disclosed elsewhere in the consolidated financial statements, the following events took place subsequent to the end of the reporting period:

On 21 June 2018, the Company, as vendor, and the Hongkong Dragon Well Co., Limited (the "Purchaser") entered into the sales and purchase agreement, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase 2,000 ordinary shares, representing approximately 23.53% of the issued share capital of Pure Power, which owned by the Company at a consideration of HK$106,000,000. Pure Power is an associate of the Company and its subsidiary is principally engaged in exploration and exploitation of natural resources in the USA.