中國置業投資控股有限公司*

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 736

* For identification purposes only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Han Wei (*Chairman, re-designated as executive director on 1 August 2017 and appointed as chairman on 12 December 2017*)
Xu Dong *(Resigned on 12 December 2017)*
Au Tat On

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah (*Resigned on 14 July 2017*)
Liang Kuo-Chieh (*Appointed on 14 July 2017*)

COMPANY SECRETARY

Wong Chi Yan

AUTHORISED REPRESENTATIVES

Au Tat On
Wong Chi Yan

AUDITOR

Crowe (HK) CPA Limited

LEGAL ADVISER

Li, Wong, Lam & W.I. Cheung

PRINCIPAL BANKER

ICBC (Asia)
Wing Lung Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 4303, 43/F
China Resources Building,
26 Harbour Road, Wanchai
Hong Kong

BERMUDA SHARE REGISTRAR AND TRANSFER AGENT

Conyers Corporate Services (Bermuda) Limited
Clarendon House,
2 Church Street, Hamilton HM11,
Bermuda

HONG KONG SHARE REGISTRAR

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

WEBSITE

http://www.736.com.hk

STOCK CODE

736

LETTER FROM THE BOARD

On behalf of the board (the "board") of directors (the "directors") of China Properties Investment Holdings Limited (the "company"), I am pleased to present the annual results of the company and its subsidiaries (together the "group") for the year ended 31 March 2018 to the shareholders of the company (the "shareholders").

OPERATING RESULTS

For the year under review, the group's turnover for the continuing operation was approximately HKD61.76 million (2017: approximately HKD63.35 million), representing a decrease of approximately 2.5% compared with last year. The decrease in turnover was mainly due to decrease in loan interest income arising from money lending business.

The audited net loss for the year was approximately HKD569.46 million (2017: approximately HKD39.73 million) and the basic loss per share was HK11.72 cents (2017: HK1.09 cents). The increase in the net loss was mainly attributable to the net realised and unrealised loss on investment in listed securities of approximately HKD136.19 million and the impairment loss on the available-for-sale investments of approximately HKD371.86 million. The group also incurred an impairment loss on accounts receivable amounted to approximately HKD16.96 million during the year.

The administrative and selling expenses for the continuing operation of the group for the year amounted to approximately HKD102.41 million (2017: approximately HKD73.52 million). The increase in administrative and selling expenses was mainly attributable to recognition of the equity-settled share-based payment expenses amounted to approximately HKD27.39 million. Such expenses is relating to the share options granted to certain employees of the group during the year. The finance cost of the group amounted to approximately HKD3.03 million (2017: approximately HKD6.00 million) which was incurred for the interest-bearing borrowings under the security of investment properties in Shanghai and the unconvertible bonds issued by the company.

BUSINESS REVIEW

During the year under review, the principal business activities of the group included the properties investment, money lending and financial services.

For the properties investment, as at 31 March 2018, the aggregate gross floor area of the investment properties being held by the group was approximately 7,004 square meters, approximately 100% of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

For the financial services, upon completion of the acquisitions of C.P. Securities International Limited which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance ("SFO") and is principally engaged in the business of securities brokerage and C.P. Financial Management Limited which is licensed under the SFO to carry on Type 9 (asset management) regulated activity in 2016, the group commenced its financial services business, including the provision of securities trading, margin financing, underwriting and assets management which help diversifying the businesses of the group and broaden the source of its income. For the year ended 31 March 2018, a segment revenue of approximately HKD10.56 million and a segment loss of approximately HKD18.66 million respectively were recorded.

LETTER FROM THE BOARD

For the year ended 31 March 2018, the group had a loan portfolio amounted to approximately HKD259.38 million with the average interest rate of 16.46%. The interest income generated from the money lending business was approximately HKD42.69 million for the year ended 31 March 2018, representing a decrease of approximately 11.97% in comparison with last year.

OUTLOOK

Going forward, the group will remain focused on developing its existing businesses in financial services and money lending which will enhance the revenue steam of the group. In the meantime, the directors will also look for other suitable investment opportunities from time to time so as to enhance the value of the company and its shareholders as a whole.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2018, the group's net current assets were approximately HKD469.74 million (2017: approximately HKD653.70 million), including cash and bank balances of approximately HKD77.71 million (2017: approximately HKD143.60 million).

The group had borrowings of approximately HKD38.11 million as at 31 March 2018 (2017: approximately HKD10.15 million), of which 8.2%, 8.2%, 50.8%, 32.8% were due within 1 year, after 1 year but within 2 years, after 2 years but within 5 years, after 5 years respectively from balance sheet date. The gearing ratio, defined as the percentage of debts to the total equity of the company, was approximately 7.43% (2017: 2.19%).

SIGNIFICANT INVESTMENTS

Investment with fair value accounting for more than 5% of the group's total assets was considered as significant investment. The company has the following significant investments as at 31 March 2018 and 31 March 2017.

As at 31 March 2018, the company held approximately 310,250 participating shares (2017: approximately 310,250 participating shares) of the Avant Capital Dragon Fund SP (the "Dragon Fund") with the total investment cost of HK$270 million. The Dragon Fund is a segregated portfolio of Avant Capital SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Dragon Fund was approximately HKD44.10 million as at 31 March 2018 (2017: approximately HKD429.04 million). An impairment loss of available-for-sale investments reclassified from equity to profit or loss of approximately HKD225.90 million was recognized for the year ended 31 March 2018. The Dragon Fund represented 5.63% (2017: 31.10%) of the net assets value of the group at the year ended 31 March 2018 and there was no dividend being distributed by the Dragon Fund for the period under review.

LETTER FROM THE BOARD

As at 31 March 2018, the company held approximately 193,476 participating shares (2017: approximately 193,476 participating shares) of the Tiger High Yield Fund Segregate Portfolio (the "Tiger Fund") with the total investment cost of HK$150 million. Tiger Fund is a segregated portfolio of Tiger Super Fund SPC which is an exempted segregated portfolio company incorporated under the laws of the Cayman Islands. The fair value of the Tiger Fund was approximately HK$4.04 million as at 31 March 2018 (2017: approximately HKD72.56 million). An impairment loss of available-for-sale investments reclassified from equity to profit or loss of approximately HKD145.96 million was recognized for the year ended 31 March 2018. The Tiger Fund represented 0.52% (2017: 5.26%) of the net assets value of the group for the year ended 31 March 2018 and there was no dividend being distributed by the Tiger Fund for the period under review.

The recognition of the said impairment loss is due to significant decline in the fair values of the company's investment in Dragon Fund and Tiger Fund (the "Investment Funds"). For the purpose of assessment of the fair value of the Investment Funds, the company has engaged an independent valuer to prepare valuation report on the Investment Funds. The investment portfolio of the Investment Funds comprises various stocks of listed companies and a private company. The stock price of the listed companies in 2018 underwent a downward plunge in comparing with the stock price in 2017, which poses a significant change in the market value of the Investment Funds.

In valuing the market value of the stocks in the investment portfolio of the Investment Funds, the valuer adopted the closing stock price as at 31 March 2018 (the "Valuation Date"). For the valuation of a private company, the valuer adopted price to earnings ratio to assess its market value.

The valuation of the company's interest in the Investment Funds requires consideration of all pertinent factors affecting the operations of the Investment Funds and their ability to generate future investment returns. The factors considered in the appraisal including, but were not limited to, the following factors:

- the economic and industry outlooks affecting the Investment Funds;
- the nature and the performance of the Investment Funds and their invested enterprises; and
- the risks facing by invested enterprises.

In view of the ever-changing business environment in which the Investment Funds are operating, a number of reasonable assumptions were made in the course of the appraisal, which are set out as follows:

- the continuous operation of the Investment Funds;
- there will be no material changes from political, legal, economic or financial aspects in the jurisdictions in which the Investment Funds currently incorporate or invest which will materially affect its operation;
- there will be no substantial market fluctuation in the economy in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds;
- there will be no substantial fluctuation in current interest rates and foreign currency exchange rates in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds; and

LETTER FROM THE BOARD

- the investment managers of the Investment Funds will not make any decision which is harmful to the profit generation ability of the Investment Funds

In the process of valuing the company's interest in the Investment Funds, the asset-based approach was adopted by the valuer. Asset-based approach is a means of estimating the value of a business/investment fund based on market value of individual business assets less liabilities. This approach provides an indication of the value of the business enterprise/investment fund by developing a market value balance sheet and all of the business's liabilities are brought to current value as of the Valuation Date. The difference between the market value of the assets and the current value of the liabilities is an indication of the business enterprise equity value under the asset-based approach.

In the process of valuing the investment portfolio of the Investment Funds, the valuer adopted the market approach to estimate the market value of the stocks in the investment portfolio. The market approach is basically a comparison method which estimates market value from analyzing sales and financial data and ratios of comparable public and, whenever possible, private companies.

There is no change in the value of the inputs and assumptions from those previously adopted.

The valuer has adopted the following valuation methodology:-

(A)	Asset Accumulation Method:	the value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value of the Investment Funds
(B)	Price-to-Earnings Ratio	
(C)	Liabilities Valuation – Carrying Value:	the valuer opted to apply (i) a 25% lack of marketability discount to the private company pursuant to "A Companion Guide to FMV Restricted Stock Study" (2016 Edition) prepared by FMV Opinions, Inc. and based on their professional judgment; and (ii) 25% minority discount to reflect the absence of control.

There is no change in the valuation methodology used from those previously adopted.

The group adopts the investment strategy with the aim to improve the capital usage efficiency and to generate additional investment returns on the idle funds of the group. Accordingly, the group will continue to maintain a diversified portfolio of investment of various industries to minimize the possible financial risks. Also, the directors will cautiously assess the performance progress of the investment portfolio from time to time.

FOREIGN EXCHANGE EXPOSURE

As most of the group's assets and liabilities are denominated in Hong Kong dollar, Renminbi and US dollar and the liabilities of the group are well covered by its assets, the group does not have any significant exposure to foreign exchange fluctuation. During the period under review, the group did not use any financial instruments for hedging purposes.

LETTER FROM THE BOARD

CAPITAL STRUCTURE

There was no change in the capital structure of the company for the year ended 31 March 2018.

CHARGES ON GROUP'S ASSETS

As at 31 March 2018, the group's investment properties with a value of approximately HKD175 million were pledged to secure a borrowing from Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company.

CONTINGENT LIABILITIES

As at 31 March 2018, the group did not have any material contingent liability (2017: Nil).

ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no acquisition or disposal of subsidiaries or associated companies of the group for the year ended 31 March 2018.

EMPLOYEES

As at 31 March 2018, the group had 41 employees (2017: 41). The remuneration of employees was determined with reference to statutory minimum wages, market terms and the performance, qualification and experience of individual employees. The group provides mandatory provident fund and insurance scheme to the employees. Share option scheme and incentive schemes are adopted to encourage personal commitment of employees.

APPRECIATION

Taking this opportunity, we would like to thank all shareholders and business partners for their continuous supports. I also thank my fellow directors and staff members for their dedication and contribution to the group during the year.

On behalf of the board

Han Wei
Chairman

Hong Kong, 29 June 2018

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Han Wei, aged 47, was appointed as a non-executive director of the company in December 2016 and was re-designated as executive director in August 2017 and was appointed as the chairman and chief executive officer of the company in December 2017. He joined the group in December 2008 as the director and authorized representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the company. He is also the director of an indirect wholly-owned subsidiary of the company in Canada. Mr. Han is an intermediate economist conferred by the Ministry of Personnel People's Republic of China. He graduated from Shanghai Education Institute (上海教育學院) and studied Finance at Shanghai Finance University (上海金融高等專科學校). He also completed the EMBA programme at Research Institute of Tsinghua University in Shenzhen (深圳清華大學研究院). Mr. Han has extensive experience in banking and business management. Prior to joining the group, Mr. Han served as the general manager of an investment company in Shanghai for about five years and serves as a manager of Bank of Shanghai. He is responsible for the overall management, strategic planning and business development of the group.

Mr. Au Tat On, aged 62, was appointed as an executive director of the company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management and money lending business of the group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Wai Yin, Wilson, aged 53, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 30 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multi-national companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min, aged 33, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the company in May 2009. Ms. Cao holds a bachelor of laws degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Liang Kuo-Chieh, aged 39, was appointed as an independent non-executive director and member of audit committee of the company in July 2017. Mr. Liang holds a master of science degree in transport and sustainability from Imperial College London and University College London and a bachelor of engineering degree in mechatronics from King's College London, University of London. Mr. Liang is currently working as an enterprise and training manager of Bootstrap Company and is also a board member and social enterprise consultant of Greenwich Social Enterprise Partnership. Mr. Liang has extensive experience in fund raising and financial consulting.

SENIOR MANAGEMENT

Mr. Zhou Hong Tao, aged 40, was appointed as the director of Triple Glory Holdings Limited in August 2011, a wholly owned subsidiary of the company and is carrying the business of money lending services. Mr. Zhou obtained a bachelor's degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from U.S.A. in 2005 and has over ten years of experience in management and merger and acquisition of resource related projects. Prior to joining the company, Mr. Zhou served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; and (ii) at PKU Resource Group as director of the project operation centre.

Mr. Pao Lik, aged 47, was appointed as the director, CEO and responsible officer of C.P. Securities International Limited ("CPS") in April 2016 and May 2016 respectively. CPS is licensed under the Securities and Futures Ordinance to carry on type 1 regulated activity of dealing in securities in Hong Kong and is a wholly-owned subsidiary of the company. Mr. Pao was also appointed as the responsible officer and director of C.P. Financial Management Limited ("CPFM") in December 2016. CPFM is a company licensed under the Securities and Futures Ordinance to carry on Type 9 (asset management) regulated activity in Hong Kong and is a wholly-owned subsidiary of the company. Prior to joining the group, Mr. Pao served as the Vice President and Responsible Officer in Southwest Securities (HK) Brokerage Limited (formerly known as "Tanrich Securities Company Limited") since 1998. Mr. Pao has extensive experience in operation and management of securities brokerage and asset management business. He holds a Bachelor degree in Government and Public Administration in The Chinese University of Hong Kong.

REPORT OF THE DIRECTORS

The directors of the company herein present their report and the audited financial statements of the company and 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 subsidiaries are set out in note 18 to the financial statements.

BUSINESS REVIEW

The business review of the group's performance during the year required under Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including financial key performance and the likely future development in the business of the group is set out in the "Letter from the Board" on pages 3 to 7 of this annual report. Description of the principal risks and uncertainties facing the company can be found throughout this annual report particularly in note 4 to the financial statements. This discussion forms part of this "Report of the Directors".

RESULTS AND DIVIDENDS

The results of the group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss on pages 43 and 44 of this annual report.

The directors do not recommend payment of any dividends in respect of the year ended 31 March 2018.

SUMMARY 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 as appropriate, is set out on page 153 of this annual report. This summary does not form part of the audited financial statements.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

For the year ended 31 March 2018, as far as the board is aware, there was no material breach of the laws or regulations that have a significant impact on the company's business and operation by the company.

REPORT OF THE DIRECTORS

ENVIRONMENTAL PROTECTION POLICY

The group is committed to build up an environmental-friendly working environment. The group encourage environmental protection and promote awareness towards environmental protection to the employees. During the year, the group has implemented various measure to reduce electricity consumption and wastage, including keeping office temperature at reasonable level, switching off idle lightings and electrical appliance, promoting using recycled paper and double-sided printing. The group will continue to make endeavors in lowering resources consumption and seek to minimize the negative impact of the group's operations on the environment.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the plant and equipment, and investment properties of the group during the year are set out in notes 16 and 17 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the company's share capital and share options during the year, together with the reasons therefor, are set out in notes 32 and 33 to the financial statements.

EQUITY-LINKED AGREEMENTS

Save as the company's share option scheme disclosed in note 33 to the financial statements, no equity-linked agreements were entered into by the company during the year ended 31 March 2018.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the company's bye-laws ("Bye-laws") or the laws of Bermuda, which would oblige the company to offer new shares on a pro rata basis to its existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the company, nor any of its subsidiaries purchased, redeemed or sold any of the company's listed securities during the year ended 31 March 2018.

REPORT OF THE DIRECTORS

RESERVES

Details of movements in the reserves of the company and the group during the year are set out in note 34 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

The aggregate amount of reserves available for distribution to owners of the company as at 31 March 2018 is set out in note 34 to the financial statement.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, turnover for the continuing operations attributable to the group's five largest customers accounted for approximately 43.52% of the total turnover for the year and turnover attributable to the largest customer included therein amounted to approximately 10.36%. Purchases for the continuing operations from the group's five largest suppliers accounted for 34.11% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 9.11%.

None of the directors of the company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the company's issued share capital) had any beneficial interest in the group's five largest customers or five largest suppliers.

DIRECTORS

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

EXECUTIVE DIRECTORS:

Han Wei *(Chairman, re-designated as executive director on 1 August 2017 and appointed as chairman on 12 December 2017)*
Au Tat On
Xu Dong (Resigned on 12 December 2017)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Lai Wai Yin, Wilson
Cao Jie Min
Tse Kwong Wah (Resigned on 14 July 2017)
Liang Kuo-Chieh (Appointed on 14 July 2017)

REPORT OF THE DIRECTORS

The directors have no financial, business, family or other material relationships with each other.

According to Bye-law, one-third of the directors for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation at every annual general meeting. A retiring director shall be eligible for re-election. Mr. Han Wei and Mr. Lai Wai Yin, Wilson will retire by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

There were no service contracts entered into between the company and the directors. The directors will be subject to the general requirement of retirement by rotation and re-election at the annual general meeting of the company under the Bye-laws.

The company has received the annual written confirmation from each of the independent non-executive directors of their independence to the company. The company considers that all of the independent non-executive directors are independent in accordance with the guidelines set out in Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

DIRECTORS' BIOGRAPHIES

Biographical details of the directors are set out on pages 8 and 9 of the annual report.

DIRECTORS' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the company's remuneration and nomination committee with reference to the directors' duties, responsibilities and performance and the results of the group.

DIRECTORS' SERVICE CONTRACTS

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the company which is not determinable by the company within one year without payment of compensation (other than statutory compensation).

REPORT OF THE DIRECTORS

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the year ended 31 March 2018, none of the directors or their associates (if any, as defined under the Listing Rules) was interested in any business which competes or is likely to compete with the businesses of the group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

Save as disclosed in note 37 to the 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 at any time during the year ended 31 March 2018.

DIRECTORS' INTEREST AND SHORT POSITIONS IN SHARES

As at 31 March 2018, no directors has registered an interest or short position in the share capital (the "Shares") of the company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the company pursuant to Section 352 of the SFO, or as otherwise notified to the company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules:

The interests of directors in the share options of the company are separately disclosed in the note 33 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme in note 33 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-Laws of the company, every director shall be indemnified and secured harmless out of the assets and profits of the company against all losses, damages and expenses which he/she may incur or sustain 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' liabilities insurance coverage for the directors and officers of the group.

REPORT OF THE DIRECTORS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

As at 31 March 2018, save as disclosed below, so far as known to the Directors, there was no other person who had an interest or short position in the shares of the company and underlying shares which would require disclosure to the company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued share capital of the Company.

LONG POSITION

Name	Capacity of shares held	No. of shares held	Percentage of issued shares (approximately)
Oasis Investments II Master Fund Limited (Note 1)	Beneficial owner	291,534,000	6.00%
Oasis Investments II Offshore Feeder Limited (Note 1)	Interest in a controlled corporation	291,534,000	6.00%
Oasis Management Company Limited (Note 2)	Investment manager	291,534,000	6.00%
Fisher Seth Hillel (Note 3)	Interest in a controlled corporation	291,534,000	6.00%

Note 1. Oasis Investments II Master Fund Limited is directly interested in 291,534,000 shares in the company. Oasis Investments II Offshore Feeder Limited is the controlling shareholder of Oasis Investments II Master Fund Limited. Oasis Investments II Offshore Feeder Limited is therefore deemed to be interested in 291,534,000 shares in the company.

Note 2. Oasis Management Company Limited is the investment manager of Oasis Investments II Master Fund Limited. Oasis Management Company Limited is therefore deemed to be interested in 291,534,000 shares in the company.

Note 3. Fisher Seth Hillel is the controlling shareholder of Oasis Management Company Limited. Fisher Seth Hillel is therefore deemed to be interested in 291,534,000 shares in the company.

CONNECTED TRANSACTIONS

During the year under review, the company did not enter into any non-exempted connected transaction within the meaning of the Listing Rules.

Significant related party transactions entered into by the group during the year ended 31 March 2018, which do not constitute connected transactions under the Listing Rules, are disclosed in note 37 to the financial statements.

REPORT OF THE DIRECTORS

NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The group had no material event after reporting period.

PUBLIC FLOAT

Based on information that is publicly available to the company and within the knowledge of directors, the company maintained a sufficient public float throughout the year ended 31 March 2018.

AUDITOR

Crowe Horwath (HK) CPA Limited has changed its name to Crowe (HK) CPA Limited. Accordingly, the independent auditor's report is now signed under the new name.

Crowe (HK) CPA Limited acted as auditor of the company and audited the group's consolidated financial statements for the financial year ended 31 March 2018. A resolution will be submitted to the forthcoming annual general meeting of the company to re-appoint Crowe (HK) CPA Limited as auditor of the company.

ON BEHALF OF THE BOARD

Han Wei
Chairman

Hong Kong, 29 June 2018

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICE

In view of the corporate governance practices, the company has adopted a set of clear guidelines to explain its policies, practices and procedures which aim at meeting our shareholders' expectations. The company has committed to maintain a high standard of corporate governance based on the principles of the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). The company recognizes the maintenance of good corporate governance practices is essential to the growth of the company. In the opinion of the directors, the company had complied with the CG Code throughout the year ended 31 March 2018 except for the code provisions A.2.1 and E.1.2. Details of the deviation are set out in the relevant section below.

DIRECTORS' SECURITIES TRANSACTION

The company has adopted the Model Code for Securities Transactions by directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors.

The company had also made specific enquiry of all directors and the company was not aware of any non-compliance with the required standard as set out in the Model Code.

BOARD OF DIRECTORS

The board comprises five directors, including two executive directors and three independent non-executive directors. Details of the board composition are set out in the Report of Directors on page 10.

The board formulates overall strategies and policies of the group. It also ensures the availability of adequate capital and managerial resources to implement the strategies adopted, the adequacy of systems of financial and internal controls and the conduct of business in conformity with applicable laws and regulations. Decisions requiring the board's approval include, among others, all matters of objective and strategic importance, corporate governance practices, changes in board members, major transactions and investment commitments, annual budget, all policy matters etc. The day-to-day management, administration and operation of the company are delegated to senior management which is accountable to the board for the implementation of the group's overall strategies and coordination of overall business operations.

The company also recognized and embraced the benefits of having a diverse board to 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 will be reviewed from time to time to ensure their appropriateness in determining the optimum composition of the board.

CORPORATE GOVERNANCE REPORT

The board members are fully committed to their roles and have always acted, individually and collectively, in the best interests of the company and its shareholders at all times. To the best knowledge of the company, there is no financial, business, family or other relevant relationship amongst directors. Biographical details of the directors are set out on pages 8 and 9 under the section headed "Biographical details of the Directors and Senior Management" of this annual report.

The number of full board meetings and general meetings held during the year ended 31 March 2018 and the directors' respective attendance record are summarised as follows:

	Number of general meeting Attended/Held	Number of Board meeting Attended/Held
Executive Directors		
Han Wei	0/1	24/24
Xu Dong (Resigned on 12 December 2017)	0/1	19/19*
Au Tat On	1/1	24/24
Independent Non-executive Directors		
Lai Wai Yin, Wilson	1/1	24/24
Cao Jie Min	0/1	24/24
Tse Kwong Wah (Resigned on 14 July 2017)	0/1	0/10*
Liang Kuo-chieh (Appointed on 14 July 2017)	0/1	14/14*

* By reference to the number of board meetings held during the director's tenure.

The code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The chairman was unable to attend the company's annual general meeting held on 15 September 2017 due to his other work commitments.

The board will continue to improve its corporate governance practices appropriate to the conduct and development of its business and to review such practices from time to time to ensure that they are in line with the latest developments and statutory standards.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Han Wei, the chairman of the company, also acted as chief executive officer of the company during the year under review, deviating from the requirement of the code provision A.2.1. The board considered that this structure was conductive with strong and consistent leadership, enabling the company to make and implement decisions promptly and efficiently.

The chairman of the company takes the lead in formulating overall strategies and policies of the group which include compliance with good corporate governance practices and to facilitate active contribution of directors in board activities. He also ensures that all directors are properly briefed on issues arising at board meetings and have received adequate, complete and reliable information in a timely manner with the assistance of the company secretary.

EXECUTIVE DIRECTORS

The executive directors are responsible for management of the group and executing the strategies adopted by the board. They lead the group's management team in accordance with the directions set by the board and are responsible for ensuring that proper internal control system is in place and the group's business conforms to applicable laws and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. Their participations provide adequate checks and balances to safeguard the interests of the group and its shareholders. The board consists of three independent non-executive directors and one of them has appropriate professional qualifications or accounting or related financial management expertise. The company has received from each of the independent non-executive directors a confirmation of independence for the year pursuant to the Listing Rules. On this basis, the company considers all such directors to be independent.

CONTINUING PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their understanding of the business and operations of the company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

During the year, all directors were provided with regular updates on corporate governance and regulatory requirements under which the group conducts its business. Directors are encouraged to attend relevant training courses at the company's expenses. All directors confirmed that they have participated in continuous professional development by attending seminars or studying relevant materials on the topics related to corporate governance and regulations.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS AND BOARD COMMITTEES

The board is collectively responsible for the management and control of the company and for promoting the company's success by directing and supervising its affairs. It is also the responsibility of the board to determine the appropriate corporate governance policies and practices applicable to the company's circumstances and to ensure processes and procedures are in place to achieve the company's corporate governance objectives. During the year, the board has reviewed the company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Listing Rules, and the company's compliance with the CG Code and disclosure in this Corporate Governance Report.

AUDIT COMMITTEE

The company has established an audit committee ("Audit Committee") which currently comprises three independent non-executive directors. The duties of the Audit Committee include the following:

- To act as the key representative body for overseeing the company's relations with the external auditor, and to be primarily responsible for making recommendations to the board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to consider any questions of its resignation or dismissal.

- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

- To develop and implement policy on engaging an external auditor to supply non-audit services.

- To monitor integrity of the company's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgments contained therein.

- To review the company's financial controls, internal control and risk management systems.

- To discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system.

- To consider major investigation findings on internal control matters as delegated by the board or on its own initiative and management's response to these findings.

- To review the group's financial and accounting policies and practices.

- To review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response.

CORPORATE GOVERNANCE REPORT

- To ensure that the board will provide a timely response to the issues raised in the external auditor's management letter.
- To consider other topics, as defined by the board.
- To review arrangements employees of the company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action.
- To perform the duties as set out in Code Provision C.3.3 of the CG Code.

During the year ended 31 March 2018 the Audit Committee held 4 meetings, details of attendance are set out below:–

Members	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson *(Chairman of the Audit Committee)*	4/4
Cao Jie Min	4/4
Tse Kwong Wah (Resigned on 14 July 2017)	0/3*
Liang Kuo-chieh (Appointed on 14 July 2017)	1/1*

* By reference to the number of meetings hold during the members tenure.

The Audit Committee during the year in conjunction with the auditor has reviewed the internal controls, interim and annual results of the group and its other duties (if relevant) in the CG Code.

The board has not taken any different view from that of the Audit Committee regarding selection, appointment, resignation or dismissal of external auditor.

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

The remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") of the company have been established by the board. Both committees currently comprise three independent non-executive directors. The duties of the Remuneration Committee include the following:

- To make recommendations to the board on the company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy.
- To review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives.
- To review and determine the remuneration packages of the directors with reference to their duties and responsibilities with the company.

CORPORATE GOVERNANCE REPORT

- To consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.

- To review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive.

- To review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

- To ensure that no director or any of his/her associates is involved in deciding his/her own remuneration.

The duties of the Nomination Committee include the following:

- To review the structure, size and composition (including the skills, knowledge and experience) of the board at least annually and make recommendations on any proposed changes to the board to complement the company's corporate strategy.

- To identify individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.

- To assess the independence of independent non-executive directors.

- To make recommendations to the board on the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the board and the chief executive officer.

In addition, the Nomination Committee as a whole is responsible for reviewing the board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors. Where vacancies exist, the Nomination Committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the company's needs and other relevant statutory requirements and regulations.

For the avoidance of doubt, the directors and their associates do not participate in decisions making relating to their own remuneration.

During the year ended 31 March 2018, the Remuneration Committee and Nomination Committee held 4 and 3 meetings respectively, details of attendance are set out below:–

	Nomination Committee	**Remuneration Committee**
Members	**Number of meetings Attendance/Held**	**Number of meetings Attendance/Held**
Lai Wai Yin, Wilson	3/3	4/4
Cao Jie Min	3/3	4/4
Tse Kwong Wah (Resigned on 14 July 2017)	0/1*	0/1*
Au Tat On (Appointed on 14 July 2017)	2/2*	3/3*

* By reference to the number of meetings held during the members tenure.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The directors acknowledge their responsibility for preparing all information and representations contained in the financial statements of the group for the year. The directors consider that the financial statements have been prepared in conformity with the generally accepted accounting standards in Hong Kong and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the board and management with an appropriate consideration to materiality. The directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the company's ability to continue as a going concern. Accordingly, the directors have prepared the financial statements of the company on a going concern basis.

The statement of the auditor of the company regarding their responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 37 to 42 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The board places great importance on risk management and internal control and has ultimate responsibilities for overseeing management in the design, implementation and monitoring of the risk management and internal control system of the group on an ongoing basis. The board is also committed to review the adequacy and effectiveness of the group's risk management and internal control systems.

The group has been maintaining the risk management and internal control systems with aims to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable and not absolute assurance against material misstatements or losses caused by judgment in decision making process, human error, fraud or other irregularities.

In order to comply with the applicable code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules, the board has continued to retain Crowe (HK) Risk Advisory Limited, previously known as Crowe Horwath (HK) Corporate Consultancy Limited, an independent professional firm as the outsourced internal auditor with a view to facilitating adequacy of resources and quality of review to satisfy the group's internal audit function as required by the Listing Rules and to assist the board to perform annual reviews on the effectiveness of the group's risk management and internal control systems for the year ended 31 March 2018.

During the year ended 31 March 2018, the group has reviewed an internal audit charter which defined the scope and the duties and responsibilities of the internal audit function and its reporting protocol. The group has conducted an annual risk assessment which identified respective strategic risks, operational risks, financial risks and compliance risks for each of the major business segment of the group. Risk factors were analyzed and consolidated at the group level. Based on the risk assessment results following a risk based methodology audit approach, a three-years' audit plan was updated which prioritized the risks identified into annual audit projects. Annual reviews were performed according to the audit plan with a view to assisting the board and the Audit Committee to evaluate the effectiveness of the group's risk management and internal control systems. The review also covered the compliance of code provisions as set out in the Appendix 14 to the Listing Rules, material controls, including financial, operational and compliance controls at entity and operational levels. The group has taken further steps to enhance its risk management and internal control systems according to some weaknesses were found during risk assessment and examination of the internal control and strengthen the implementation of all the risk management and internal control systems.

CORPORATE GOVERNANCE REPORT

The group has been maintaining procedures in handling and dissemination of inside information in an accurate and secure manner and to avoid possible mishandling of inside information within the group.

Based on the risk management and internal control systems established and maintained by the group, the work performed by the external auditor, the internal auditor, and reviews performed by the management, respective board committees and the board, the Audit Committee and the board are of the view that the group has maintained sound, effective and adequate risk management and internal control system during the year ended 31 March 2018.

AUDITOR'S REMUNERATION

An analysis of the remuneration of the company's auditor, Crowe (HK) CPA Limited, for the year is set out as follows:

Services rendered	Fee paid/payable Approximately HK$'000
Audit services (2017: approximately HK$1,540,000)	1,600
Non-audit services (2017: approximately HK$1,294,000)	510
Total:	2,110

SHAREHOLDERS' RIGHTS

Pursuant to Article 58 of the Bye-laws and the Companies Act 1981 of Bermuda (the "Companies Act"), the board may whenever it thinks fit call special general meetings, and shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the company carrying the right of voting at general meetings of the company shall at all times have the right, by written requisition to the board or the secretary of the company, to require a special general meeting to be called by the board and such meeting shall be held within two (2) months after the deposit of such requisition. The requisition must state the purposes of the meeting and the matter referred to in any proposed resolution or the business to be dealt with at that meeting, and must be signed by the requisitionists and deposited at the registered office of the company. If within twenty-one (21) days of such deposit the board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act.

Shareholders may send written enquiries to the company, for the attention of the board or the secretary of the company, by post to Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. Shareholders may also direct their questions about their shareholdings to Tricor Secretaries Limited, the company's Hong Kong share registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS

The company endeavours to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the company has established, including but not limited to, the following various channels:

- annual general meeting provides a forum for shareholders of the company to raise comments and exchange views with the board. The chairman and the directors are available at annual general meetings to address shareholders' queries;
- separate resolutions are proposed at general meetings on each substantially separate issue and procedures for demanding a poll in general meetings are included in circulars to the shareholders to facilitate the enforcement of shareholders' rights;
- interim and annual results are announced as early as possible so that the Shareholders are kept informed of the group's performance and operations; and
- corporate website of www.736.com.hk contains extensive information and updates on the company's business developments and operations, financial information and other information.

CONSTITUTIONAL DOCUMENTS

A copy of the latest version of the company's constitutional documents including the memorandum of association of the company and the Bye-laws were posted on the websites of the company and the Stock Exchange respectively.

During the year ended 31 March 2018, there was no change in the company's constitutional documents.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

The purpose of this Environmental, Social and Governance (hereinafter called "ESG") Report is not only to communicate the sustainability strategies, management approaches and performances of China Properties Investment Holdings Limited and its subsidiaries (collectively the "Group" or "we") with the stakeholders, but also strengthen the Group's understanding towards their ongoing activities in sustainable development of the society and the environment as a whole. This ESG Report summarizes the efforts and achievements made by the Group in corporate social responsibility and sustainable development.

The Group hopes to develop its business objectives and creates shareholder/investor value, while at the same time protects the ecological environment by fully utilizing resources and minimizing the emission of pollutants during operation. As a responsible and visionary corporate citizen, we have to balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investment; and contribute towards the sustainable development of the globe, human being and our business.

SCOPE AND PERIOD OF REPORTING

This ESG Report covers the Group's business in the properties investment, money lending and financial services. and presents the Group's strategic approach to sustainability and performance in the environmental and social aspects of the above business. A summary of the environmental indicators and the performance data are listed out at the "Environmental Performance Data Summary". The reporting period is for the financial year ended 31 March 2018.

REPORTING GUIDELINES

This ESG Report has been prepared in accordance with the updated Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited, as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

II. ENVIRONMENTAL PROTECTION

The Group has been devoted to care for and to protect the natural environment. In order to let employees know the importance of our environmental impact, we continue to adopt various measures and actions in reducing carbon footprint, and to minimize the impact to the environment from daily lives and business activities. We also hope that every staff can start from themselves, convey the message of protecting the environment to their families, friends and business partners; to build more powerful cohesion, and in alleviating climate change together.

1. MANAGEMENT OF EMISSIONS

Energy consumption accounts for a major part of its greenhouse gas emissions. Therefore, various energy saving measures (refer to the section "Use of Resources" below for details) have been undertaken to improve energy efficiency and reduce energy consumption in our operations. Waste management mainly involves collection of waste paper for recycling (refer to the section "Management of Resources Utilization" below for details). The Group's business will not cause any hazardous waste and air pollution. Our impact of water discharges on the environment is not significant.

2. MANAGEMENT OF RESOURCES UTILIZATION

We recognize its responsibility to protect the environment in the course of its operation and continually seeks to identify and reduce environmental impacts attributable to its operational activities. We set up various measures to raise the awareness of the employees to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources.

Conservation of Energy

We emphasize on saving electricity by promoting the use of energy-efficient lighting. Employees are encouraged to switch off the power of illumination, air conditioners, computers, personal electronic devices and common office equipment when they are not in use. We endeavor to keep all electronic appliances including air conditioners, microwaves, coffee-making machine, etc. well-maintained in our offices. We encourage all computers being turned to energy saving mode.

During the reporting period, the Group's business consumed approximately 44 megawatt hours of electricity and approximately 20 tonnes of gasoline. With reference to the guidelines of the Greenhouse Gas Protocol and the regional emission factors, greenhouse gas emissions are calculated from the above-mentioned data. In terms of total carbon dioxide emission, Scope 1 emissions are approximately 67 tonnes and Scope 2 emissions are approximately 39 tonnes.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Conservation of Water

Water conservation should start from daily life. We raise the consciousness of staff about efficient use of water by posting "save water" sign in pantry, and reducing waste of potable water. During the reporting period, the Group's business consumed approximately 232 tonnes of water.

Conservation of Paper

We promote the use of online office system, general administrative circulars, data transmission and so on should go through the network system under normal situation. We promote saving papers and avoid wastage through unified purchasing; minimize photocopying, printing and faxing, print in double-sides, reuse single-sided papers (for internal documents), recycle double-sided printed papers by putting them into collection boxes and to be handled by recycling companies. During the reporting period, the Group's business consumed approximately 0.1 tonne of paper.

Compliance

During the reporting period, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

3. THE ENVIRONMENT AND NATURAL RESOURCES

The impact of the Group's business activities on the environment mainly attributed to the use of natural resources in office. Hence, we focused on the environmental education and advocacy among staff. Various resources saving measures are implemented to raise the awareness of our people to understand the importance of resource conservation. They are encouraged to make full use of resources, to maximize their effectiveness and to avoid wastage of resources. Please refer to "Management of Resources Utilization" above for details.

III. EMPLOYMENT AND LABOR PRACTICES

The Group believes that employees are our most important partners, recruitment and retaining talents are critical for our long-term business development. When we formulate our human resource strategies, we devote to establish a comprehensive management system in providing a harmonious and comfortable work environment, and create fair, equitable and open atmosphere within the Group. We aim at building good relationship with our employees based on mutual respect to encourage creativity, flexibility and commitment to accomplish our mission of providing quality products and services to our clients. To achieve this, we create opportunities to attract, develop, retain and reward our talented staff by offering them, under different conditions, commensurate remuneration, personal growth and career development training, and fringe benefits.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TALENT SELECTION

We always protect human right, privacy of staffs, and prohibits discrimination. We follow the principles of fairness and openness to hire outstanding and appropriate talents. Staffs are not discriminated against because of their sex, race, disability, political philosophy, sexual orientation, age, religion, etc. During staff recruitment, morality, knowledge, ability, physical fitness and job requirements are used as the selection standards. The Group provides equal opportunities to employees in promotion, performance appraisal, training and career development so as to ensure all staffs can fully develop their talent in position with a hope to create a win-win situation.

LABOR STANDARDS

The Group respects human rights and strictly prohibit any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulations. During the recruitment process, we review the identity documents of the applicants and never hires any applicant below the legal working age. The work hours of staff are in line with the relevant local labor laws and regulations. Staff consent for working overtime is needed so as to prevent forced overtime work; and they are compensated in accordance with the requirement of the relevant laws and regulations.

COMPENSATION AND WELFARE

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly examines their salary levels to ensure it is up to standard. The Group collects up-to-date remuneration data within their industry and strives to establish a fair, reasonable and competitive remuneration scheme. We always maintain harmonious relationship with employees and to create a win-win situation. Staff compensation varies by locations within the Group. Basic remuneration of employees includes basic salary, discretionary bonus/year-end bonus and so on. Salaries meet or exceed the minimum standards of the industry or the laws, and are sufficient to meet the basic needs. Employees are entitled to retirement benefit scheme subject to the local laws and regulations. Staff in Mainland China participate in the endowment insurance, unemployment insurance, medical insurance, employment injury insurance, maternity insurance and housing provident fund. Hong Kong staff participate in mandatory provident fund scheme. Working hours and compensation are subject to local labor laws and regulations. Employees are entitled to rest day, statutory holidays, annual leave, sick leave, marriage leave, maternity leave, funeral leave, and so on. We terminate and compensate staff in accordance with local laws and regulations. We regularly organize activities for our staff, including the Chinese New Year party, etc. to enhance the cohesion among them.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DEVELOPMENT AND TRAINING

The Group has always attached importance to talent, committed to training and development of staff, and encourage self-enhancement. We provide on-the-job training and mentorship for new hires to help them adapting to the new work environment quickly, and enhance team's cohesion. Training of new hires includes organizational structure, corporate culture, rules and regulations, ethics, industry knowledge, job responsibilities, products and services. From time to time, we provide staff with the latest industry information and related legislation in connection with our operations. Professionals such as chief financial officer, finance manager and company secretary, etc., participate in external training held by qualified organizations regularly, in the form of seminars. During the reporting period, training includes anti-money laundering and terrorist fund-raising, honesty issues in the financial services sector, new regulations of the Securities Regulatory Commission, finance, and so on.

HEALTH AND SAFETY

We take a comprehensive preventive approach to staff health and work safety, including illness and injury prevention. We provide our employees with a healthy and safe working environment, including the provision of first aid supplies and so on. All staff members are expected to give their unconditional support to maintain a healthy, smoke-free working environment. Smoking is absolutely prohibited in the office.

COMPLIANCE

During the reporting period, the Group did not have violations relating to labor practices.

IV. OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group believes that building a sustainable supply chain can create value for our employees, suppliers, communities and our clients. We emphasize on facilitating the interaction and communication with our suppliers. In order to establish an efficient and green supply chain with our suppliers, we aim at maintaining long-term strategic and co-operative relationships with those counterparts with good credit history, reputable, excellent product or service quality, proven track records of environmental compliance and sound commitment to social responsibility. We conduct periodic reviews on the performance of our suppliers so as to achieve effective control over our service quality.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SERVICE RESPONSIBILITY

We have been dedicated in providing high quality and professional services with the highest degree of integrity to our clients at competitive rates. We always seek to exceed our clients' expectation. In terms of sustainability, client satisfaction is vital to our growth in the future. We summarize below our approach in achieving this aim and the significant efforts that we have put into its operations:–

(1) Licences and Regulations

We have a team of financial specialists, who hold necessary licences required by laws and regulations, dedicated to providing quality professional investment services over a wide range of financial products. To avoid any doubt on the fitness and properness, they are mandated to undertake sufficient hours of continuous professional training per calendar year for each of the regulated activity.

(2) Know Your Client

In order to provide the best services to our clients and to build up trust, we conduct "know you client" background review prior to account opening for new clients. We must understand their identity, investment objectives and experience, risk tolerance level, financial status, occupation, age, etc. and obtain relevant documents as proof and for keeping record. We review and update the client profiles periodically.

(3) Customer Data Protection and Privacy Policies

We handle the client personal data carefully with integrity and in accordance with applicable laws. All client personal data are kept confidential and securely. We have to inform clients about the purpose of collecting their personal data and to whom their data will be transferred to (if the recipient is within the Company). All client personal data collected can only be used for the sole purpose as agreed in advance. We have to obtain the client's consent prior to disclosing such information to other parties whenever necessary.

We handle confidential information of our clients with integrity and discretion and in accordance with applicable laws. Confidential information may be subject to disclosure requirements according to the applicable laws and regulations and shall be exchanged internally and exclusively on a "need-to-know" basis.

(4) Customer Complaints

We established our policies and procedures in handling client complaints with reference to our code of conduct. Our management are informed immediately once client complaints are received and the details and relevant documents must be properly kept. Staff must explain to the clients that they can follow up and check the status of their complaints with Compliance Department. All client complaints have to be investigated immediately and handled properly following the managing directors/top management's instructions; Compliance Department might assist in the investigation as instructed. All staff involved in the complaints should not participate in the investigation. In case the complaints cannot be remediated promptly, we have to inform our clients and suggest alternatives as allowed under our monitoring system.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

(5) Integrity

To ensure that our business can have sustainable growth, we demand all of our staff conduct businesses with integrity and in compliance with laws and regulations, and uphold our core values. All staff members of the Group, including directors, management and members of all levels are required to adhere to our internal Code of Conducts (the "Code"). In case of conflict between the Code and the laws and regulations from the regulators, the stricter of the two must be followed to an extent that the local laws and regulations are not violated.

(6) Compliance

During the reporting period, the Group did not have significant issues relating to violations nor received any complaints concerning breaches of customer privacy and loss of data.

ANTI-CORRUPTION

In order to comply with relevant laws and regulations, the Group establishes internal policies and procedures and guidelines on anti-corruption (anti-bribery, extortion, fraud, money laundering and so on). We pay attention to setting up a comprehensive disciplinary monitoring system to cover our operation, and report to human resources department confidentially for suspected personal interests in carrying out one's job duties, briberies, extortion, frauds, money laundering and other illegal acts. We are determinant in combating corruption and contribute in building a clean society.

Regarding the financial services business, staff are required to strictly comply with policies and procedures relevant to each particular transaction including the verification of clients' identities, assessment of clients' honesty, integrity, commercial ability and creditworthiness; and to keep documents and records properly. This is to ensure that we comply with the relevant laws and regulations, and to protect the interests of our stakeholders. To avoid dealing with potential money launderers, terrorist financiers or to handle funds derived from any criminal activity, we refuse the operation of any accounts for anonymous clients or in obviously fictitious names. Staff are required to bring any suspicious transaction to the urgent attention of compliance manager for review. The compliance manager shall conduct a thorough investigation and determine whether suspicion remains. We have been providing appropriate trainings to staff in dealing department so that they understand the money laundering and counter-terrorism techniques; and reminding of their responsibilities. We send periodic circulars to all staff to alert them of any new money laundering techniques being used.

During the reporting period, the Group and our employees did not involve in any litigation cases of corruptions.

V. COMMUNITY INVESTMENT

The Group has paid tax in accordance with applicable law since its incorporation, and spares no effort in easing local employment pressure. We help our staff to prepare and plan for their retirement by paying the "five insurances and housing provident fund" for staff in Mainland China and "mandatory provident fund" for staff in Hong Kong. We run our business following good practices, actively promote green energy-saving and environmental friendly concepts, and achieve a good development order; and to some certain extent, we have contributed to social stability and building a harmonious community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. VISION OUTLOOK

As a good corporate citizen, the Group hopes to balance between achieving the corporate economic goals and business objectives, and to fulfill their social responsibility. The Group will continue to pay attention to environmental protection, employee care, service quality and community contribution so as to create niche for sustainable development.

As for environmental protection, the Group will endeavor to comply with the stringent environmental protection laws and regulations, and actively promote and participate in various environmental protection activities. When it comes to employee care, the Group will put employee satisfaction and work safety as our top priority. Through ensuring occupational safety and a competitive system, the Group aims to attract more talents in the technical and management arenas. As far as service quality is concerned, the Group will continue to put resources to provide customers with high quality services. For community contribution, we are committed to fulfilling its social responsibility by participating in charitable activities and promoting the community's sustainable development.

The Group aims at becoming a respectable enterprise, and hopes to improve business performance and create more meaningful value for our stakeholders through implementing sustainability strategies.

VII. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

	Unit	2017/18
Greenhouse gas emissions:		
Scope 1	Tonnes	67.42
Scope 2	Tonnes	39.20
Air emissions:		
Nitrogen oxides	Tonnes	5.70
Sulfur oxide	Tonnes	0.45
Particulate matters	Tonnes	0.60
Energy and water consumption:		
Electricity	Megawatt hours	43.99
Gasoline	Tonnes	19.63
Water	Tonnes	232.04

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VIII. "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE" BY HONG KONG STOCK EXCHANGE

Key Performance Indicators ("KPIs")	Reporting Guideline	Page
A. Environmental		
Aspect A1	**Emissions**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	27
KPI A1.1	The types of emissions and respective emissions data.	33
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	33
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity[1] (e.g. per unit of production volume, per facility).	N/A[2]
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity[1] (e.g. per unit of production volume, per facility).	33
KPI A1.5	Description of measures to mitigate emissions and results achieved.	27
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	27
Aspect A2	**Use of Resources**	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	27-28
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	33
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	33
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	27
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	28
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A[2]
Aspect A3	**The Environment and Natural Resources**	
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	28
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	28

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators	Reporting Guideline	Page
B. Social[3]		
Aspect B1	**Employment and Labor Practices**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	29
Aspect B2	**Health and Safety**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	30
Aspect B3	**Development and Training**	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	30
Aspect B4	**Labor Standards**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	29
Aspect B5	**Supply Chain Management**	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	30
Aspect B6	**Product Responsibility**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	31-32

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Performance Indicators	Reporting Guideline	Page
B. Social[3]		
Aspect B7	**Anti-corruption**	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	32
Aspect B8	**Community Investment**	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	32

Notes:

1 The Group's main business is properties investment, money lending and financial services and not engages in any production activity. Hence, we recognize that the meaning of "intensity" to the Group is not great.

2 The Group's main business is properties investment, money lending and financial services. We did not generate any hazardous wastes and use any packaging materials.

3 Pursuant to Appendix 27 of the "Main Board Listing Rules", the KPIs under Area B "Social" are recommended disclosures only. Therefore, the Group chooses not to disclose those KPIs in this report.

INDEPENDENT AUDITOR'S REPORT

國富浩華（香港）會計師事務所有限公司
Crowe (HK) CPA Limited
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China Properties Investment Holdings Limited (the "company") and its subsidiaries (the "group") set out on pages 43 to 152, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements 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.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Impairment assessment of available-for-sale financial assets	***How our audit addressed the key audit matter***
Refer to note 22 to the consolidated financial statements. As at 31 March 2018, the group had available-for-sale financial assets totalling HK$61,889,000. Management considered whether there was any objective evidence that the available-for-sale financial assets were impaired. Objective evidence of impairment arose when, among other matters, the investee's financial conditions and business prospects deteriorated significantly. Objective evidence of impairment for available-for-sale equity instruments and other equity related investments also included a significant or prolonged decline in fair value below cost. Impairment assessment of available-for-sale financial assets is a key audit area due to the size of the balance and the significant management judgement involved in assessing impairment.	• With respect to available-for-sale equity instruments, we evaluated management's judgement of the occurrence of the impairment event by referring to the market data including market price or financial information of the investees. We also evaluated the appropriateness of the criteria applied by management in their assessment of whether the decline in fair value was "significant" or "prolonged" by reference to market practice. • For impaired instruments, we tested the cumulative impairment losses made by evaluating the models and inputs used including market price, financial information of the investees and comparable market parameters. • Based on the results of our procedures, we found management's assessment of occurrence of impairment and the models and inputs used for determining the cumulative impairment losses acceptable.

INDEPENDENT AUDITOR'S REPORT

Allowance for individual impairment losses on accounts receivables from margin clients arising from the business of dealing in securities and loans receivable

We identified the allowance for individual impairment losses on accounts receivable from margin clients arising from the business of dealing in securities and loans receivable as a key audit matter due to the significant judgement in determing whether objective evidence of impairment exists and the related estimation uncertainty in assessing the ultimate recovery of these receivables.

Accounts receivable from margin clients arising from the business of dealing in securities and loans receivable are HK$76,843,000 and HK$259,378,000 respectively as at 31 March 2018. Impairment loss of HK$16,964,000 is recognised for the year ended 31 March 2018.

Management assesses the ultimate recovery of these receivables, by considering various factors, including the current creditworthiness, the past collection history of each client or borrower and the realisable value of securities or collaterals from clients or borrowers and their guarantors which are held by the group. For further details, refer to the disclosure of key sources of estimation uncertainty and disclosure of loans receivable and accounts receivable from margin clients arising from the business of dealing in securities in notes 5, 24 and 25 to the consolidated financial statements respectively.

Our procedures in relation to allowance for individual impairment losses on accounts receivables from margin clients arising from the business of dealing in securities and loans receivable included:

- understanding through enquiry with the management the established policies and procedures on credit risk management of the group, assessing and evaluating the design of controls with respect to identification of impaired accounts receivable from margin clients arising from the business of dealing in securities and loans receivable and testing the key controls on major lending;

- in respect of accounts receivable from margin clients, examining whether the master client agreements contain the right to dispose the securities collateral for settlement for clients' obligations and testing the key control on margin lending;

- in respect of the accounts receivable from margin clients with guarantees provided, examining, on a sample basis, the guarantee agreements for the legal enforceable right to dispose the securities of clients' guarantors for settlement of the respective clients' obligations;

- in respect of loans receivable, examining, on a sample basis, loan agreements for the legal enforceable right to dispose the securities collateral for settlement of borrowers' obligations; and

- on a sample basis, evaluating management's judgement over the recoverability and creditworthiness of the individual clients and borrowers and assessing whether impairment loss is required against the available information, such as the recoverable amount of securities collateral, past collection history of borrowers, the group's actual loss experience and subsequent repayment of monies or additional collateral received from clients or their guarantors.

INDEPENDENT AUDITOR'S REPORT

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

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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, 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 judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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.

The engagement director on the audit resulting in this independent auditor's report is Alvin Yeung Sik Hung.

Crowe (HK) CPA Limited
Certified Public Accountants
Hong Kong
29 June 2018

Alvin Yeung Sik Hung
Practising Certificate Number P05206

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Note	2018 HK$000	2017 HK$000
Continuing operations:			
Revenue	7	**61,760**	63,345
Cost of sales and services rendered		**(2,493)**	(2,715)
Gross profit		**59,267**	60,630
Valuation gain on investment properties	17	**5,257**	20,015
Other income	8(a)	**498**	1,326
Other gains and losses	8(b)	**(1,692)**	(922)
Selling expenses		**(179)**	(179)
Administrative expenses		**(102,235)**	(73,338)
Other expenses	9(d)	**(153,154)**	(35,487)
Impairment loss of available-for-sale investments reclassified from equity to profit or loss		**(371,856)**	–
Loss from operations		**(564,094)**	(27,955)
Finance costs	9(a)	**(3,029)**	(5,999)
Share of loss of an associate		**–**	(8)
Loss before taxation	9	**(567,123)**	(33,962)
Income tax expenses	13	**(2,333)**	(5,772)
Loss for the year from continuing operations		**(569,456)**	(39,734)
Discontinued operations:			
Gain for the year from discontinued operations	10	**–**	23,150
Loss for the year		**(569,456)**	(16,584)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2018

	Note	2018 HK$000	2017 HK$000
Attributable to:			
Owners of the company		**(569,456)**	(16,530)
Non-controlling interests		**–**	(54)
Loss for the year		**(569,456)**	(16,584)
Loss attributable to owners of the company arises from:			
Continuing operations		**(569,456)**	(39,734)
Discontinued operations		**–**	23,204
		(569,456)	(16,530)
LOSS PER SHARE	15		
From continuing and discontinued operations			
Basic		**(HK11.72 cents)**	(HK0.45 cents)
Diluted		**(HK11.72 cents)**	(HK0.45 cents)
From continuing operations			
Basic		**(HK11.72 cents)**	(HK1.09 cents)
Diluted		**(HK11.72 cents)**	(HK1.09 cents)

The notes on pages 51 to 152 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
Loss for the year	**(569,456)**	(16,584)
Other comprehensive income/(loss) for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of:		
– financial statements of group entities	**26,628**	(13,801)
	26,628	(13,801)
Available-for-sale investments:		
– Changes in fair value	**(453,453)**	54,138
– Reclassification adjustments relating to recognition of impairment loss	**371,856**	–
Total other comprehensive (loss)/income for the year	**(54,969)**	40,337
Total comprehensive (loss)/income for the year	**(624,425)**	23,753
Attributable to:		
Owners of the company	**(624,425)**	23,807
Non-controlling interests	**–**	(54)
Total comprehensive (loss)/income for the year	**(624,425)**	23,753
Total comprehensive (loss)/income attributable to owners of the company arises from		
Continuing operations	**(624,425)**	603
Discontinued operations	**–**	23,204
	(624,425)	23,807

The notes on pages 51 to 152 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$000	2017 HK$000
Non-current assets			
Plant and equipment	16	**9,748**	12,865
Investment properties	17	**264,906**	234,015
Intangible assets	19	**7,101**	9,330
Goodwill	20	**4,748**	4,748
Deposit for acquisition of plant and equipment	21	**2,499**	–
Available-for-sale investments	22	**48,144**	501,597
Loan receivables	25	**49,980**	–
		387,126	762,555
Current assets			
Property under development	23	**20,362**	18,576
Trade and other receivables	24	**110,672**	82,886
Loan receivables	25	**209,398**	275,000
Trading securities	26	**53,011**	153,152
Tax recoverable	30(a)	**809**	–
Available-for-sale investments	22	**13,745**	–
Fixed deposits	27	**10,339**	11,658
Cash and bank balances – trust accounts	27	**16,033**	6,822
Cash and bank balances – general accounts	27	**61,679**	136,775
		496,048	684,869
Current liabilities			
Trade and other payables	28	**22,881**	19,958
Interest-bearing bank borrowings	29	**3,124**	10,148
Tax payable	30(a)	**300**	1,067
		26,305	31,173
Net current assets		**469,743**	653,696
Total assets less current liabilities		**856,869**	1,416,251
Non-current liabilities			
Interest-bearing bank borrowings	29	**34,986**	–
Deferred tax liabilities	30(b)	**19,364**	16,699
Unconvertible bonds	31	**20,000**	20,000
		74,350	36,699
NET ASSETS		**782,519**	1,379,552

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 HK$000	2017 HK$000
EQUITY			
Equity attributable to owners of the company			
Share capital	32	**48,576**	48,576
Reserves	34	**733,943**	1,330,976
TOTAL EQUITY		**782,519**	1,379,552

Approved and authorised for issue by the board of directors on 29 June 2018.

On behalf of the board

Han Wei	**Au Tat On**
Director	*Director*

The notes on pages 51 to 152 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Attributable to owners of the company										
	Share capital	Share premium	Special reserve	Contributed surplus	Employee share-based compensation reserve	Exchange fluctuation reserve	Investment revaluation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000	HK$000
At 1 April 2016	9,715	1,569,401	(11,153)	136,012	–	23,838	27,459	(933,764)	821,508	1,413	822,921
Changes in equity for 2016/2017:											
Loss for the year	–	–	–	–	–	–	–	(16,530)	(16,530)	(54)	(16,584)
Other comprehensive income/(loss)											
Exchange differences arising on translation of:											
– financial statements of group entities	–	–	–	–	–	(13,801)	–	–	(13,801)	–	(13,801)
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	54,138	–	54,138	–	54,138
Total comprehensive income for the year	–	–	–	–	–	(13,801)	54,138	(16,530)	23,807	(54)	23,753
Right issue (note 32(i))	38,861	509,074	–	–	–	–	–	–	547,935	–	547,935
Share issues expenses	–	(13,698)	–	–	–	–	–	–	(13,698)	–	(13,698)
Disposal of subsidiaries (note 35)	–	–	–	–	–	–	–	–	–	(1,359)	(1,359)
Total transactions with owners	38,861	495,376	–	–	–	–	–	–	534,237	(1,359)	532,878
At 31 March 2017	48,576	2,064,777	(11,153)	136,012	–	10,037	81,597	(950,294)	1,379,552	–	1,379,552
At 1 April 2017	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**–**	**10,037**	**81,597**	**(950,294)**	**1,379,552**	**–**	**1,379,552**
Changes in equity for 2017/2018:											
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(569,456)**	**(569,456)**	**–**	**(569,456)**
Other comprehensive income/(loss)											
Exchange differences arising on translation of:											
– financial statements of group entities	**–**	**–**	**–**	**–**	**–**	**26,628**	**–**	**–**	**26,628**	**–**	**26,628**
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**(453,453)**	**–**	**(453,453)**	**–**	**(453,453)**
Reclassification adjustments relating to impairment loss of available-for-sale investments	**–**	**–**	**–**	**–**	**–**	**–**	**371,856**	**–**	**371,856**	**–**	**371,856**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**26,628**	**(81,597)**	**(569,456)**	**(624,425)**	**–**	**(624,425)**
Equity-settled share-based transactions	**–**	**–**	**–**	**–**	**27,392**	**–**	**–**	**–**	**27,392**	**–**	**27,392**
Total transactions with owners	**–**	**–**	**–**	**–**	**27,392**	**–**	**–**	**–**	**27,392**	**–**	**27,392**
At 31 March 2018	**48,576**	**2,064,777**	**(11,153)**	**136,012**	**27,392**	**36,665**	**–**	**(1,519,750)**	**782,519**	**–**	**782,519**

The notes on pages 51 to 152 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Operating activities			
Loss before taxation including discontinued operations		**(567,123)**	(35,320)
Adjustments for:			
Finance costs		**3,029**	5,999
Interest income		**(110)**	(156)
Dividend income from investments in securities	8	**(38)**	(16)
Depreciation		**3,693**	3,766
Valuation gain on investment properties	17	**(5,257)**	(20,015)
Write off of other receivables	9(d)	**–**	39
Equity-settled share-based payment expenses	9(b)	**27,392**	–
Net change in unrealised fair values loss of trading securities	9(d)	**67,534**	31,282
Fair value loss on contingent consideration receivable	8(b)	**–**	1,990
Realised loss on dealing of trading securities	9(d)	**68,656**	3,378
Amortisation of intangible asset	19	**2,229**	6,760
Impairment loss of goodwill	9(d)	**–**	721
Impairment loss of accounts receivable	9(d)	**16,964**	–
Impairment loss of available-for-sale investments reclassified from equity to profit or loss		**371,856**	–
Gain on disposal of plant and equipment		**–**	(73)
Loss on disposal of interest in an associate	9(d)	**–**	67
Fair values gain on warrants	8(b)	**–**	(73)
Share of loss of an associate		**–**	8
Exchange difference, net		**(351)**	(339)
		(11,526)	(1,982)
Changes in working capital			
Increase in trade and other receivables		**(43,652)**	(62,708)
Decrease/(increase) in loan receivables		**18,434**	(155,000)
Increase in trading securities		**(36,045)**	(187,447)
Increase in cash and bank balances – trust accounts		**(9,211)**	(6,822)
Increase in trade and other payables		**1,796**	2,255
Increase in property under development		**(982)**	(989)
Cash used in operations		**(81,186)**	(412,693)
Hong Kong Profits Tax paid		**(2,963)**	(61)
Net cash used in operating activities		**(84,149)**	(412,754)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Investing activities			
Payment to acquire plant and equipment		**(17)**	(9,404)
Deposit for acquisition of plant and equipment		**(2,358)**	–
Decrease in fixed deposits		**1,825**	4,663
Acquisition of subsidiaries, net of cash acquired		**–**	(12,227)
Interest received on bank deposits		**110**	156
Dividends received from listed securities		**38**	16
Disposal of subsidiaries, net of cash disposed of	35	**–**	69,269
Proceed from disposal of plant and equipment		**–**	222
Proceed from disposal of interest in an associate		**–**	9,500
Payment to acquire available-for-sale investments		**(12,971)**	(70,000)
Net cash used in investing activities		**(13,373)**	(7,805)
Financing activities			
Proceeds from issuance of new shares		**–**	547,935
Share issue expenses		**–**	(13,698)
Proceeds from new bank borrowings and other borrowings		**50,116**	–
Repayment of bank borrowings and other borrowings		**(24,763)**	(20,966)
Interest paid for interest-bearing bank borrowings	9(a)	**(728)**	(1,137)
Interest paid for other borrowings	9(a)	**(1,301)**	(5)
Interest paid for unconvertible bonds	9(a)	**(1,000)**	(1,000)
Net cash generated from financing activities		**22,324**	511,129
Net (decrease)/increase in cash and cash equivalents		**(75,198)**	90,570
Cash and cash equivalents at 1 April		**136,775**	46,323
Effect of foreign exchange rate changes		**102**	(118)
Cash and cash equivalents at 31 March		**61,679**	136,775
Analysis of the balances of cash and cash equivalents			
Cash and bank balances – general accounts	27	**61,679**	136,775

The notes on pages 51 to 152 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. CORPORATE INFORMATION

China Properties Investment Holdings Limited (the "company") is an investment holding company. The principal activities of its subsidiaries are set out in note 18.

The company was incorporated and domiciled in Bermuda with limited liability under the Companies Act (1981) of Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Room 4303, 43/F., China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the company and its subsidiaries (hereinafter collectively referred to as the "group") are disclosed below.

The HKICPA has issued certain new and revised HKFRSs which are first effective or available for early adoption for current accounting period of the group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current and prior accounting periods reflected in these financial statements.

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

Basis of measurement

The consolidated financial statements for the year ended 31 March 2018 comprise the company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that trading securities, available-for-sale investments and investment properties are stated at their fair value as explained in the accounting policies set out in notes 2(e) and 2(g) below.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (Continued)

Basis of measurement (Continued)

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Hong Kong Dollars ("HKD"), which is the functional currency of the company and the group's presentation currency. All amounts are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amount of assets and liabilities not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 5.

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS

Subsidiaries are entities controlled by the group. The group controls an entity when it is exposed, 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. When assessing whether the group has power, only substantive rights are considered.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) SUBSIDIARIES AND NON-CONTROLLING INTERESTS (Continued)

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the company, and in respect of which the group has not agreed any additional terms with the holders of those interests which would result in the group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the company. Non-controlling interests in the results of the group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and the total comprehensive income for the year between non-controlling interests and the owners of the company. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

Changes in the group's ownership interests in existing subsidiaries

Changes in the group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the company's statement of financial position, an investment in subsidiary is stated at cost less impairment losses (see note 2(j)) unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) i) BUSINESS COMBINATION

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

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

- a deferred tax asset or liability, and assets or liabilities relating to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits";
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) i) BUSINESS COMBINATION (Continued)

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

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

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

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

ii) GOODWILL

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the group's cash-generating units, (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) ii) GOODWILL (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is test for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro–rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal (or any of the cash-generating unit within group of cash-generating units in which the group monitors goodwill).

iii) ACQUISITION OF A SUBSIDIARY NOT CONSTITUTING A BUSINESS

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

e) OTHER INVESTMENTS IN EQUITY SECURITIES

The group's and the company's policies for investments in equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in note 2(q)(ii) and (iii).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) OTHER INVESTMENTS IN EQUITY SECURITIES (Continued)

Investments in securities which do not fall into any of the above categories are classified as available-for-sale investments. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the investment revaluation reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(j)). Dividend income from equity securities are recognised in profit or loss in accordance with the policies set out in note 2(q)(ii).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the group commits to purchase/sell the investments or they expire.

f) PLANT AND EQUIPMENT

Plant and equipment, other than construction in progress, are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses (see note 2(j)).

Depreciation is calculated to write off the cost of items of plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Leasehold improvements	5 years or over the remaining term of the lease, if shorter
Furniture and equipment	5 years
Motor vehicles	4 to 5 years
Motor vessels	5 years

Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, 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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss during the reporting period in which they are incurred.

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.

Gains or losses arising from the retirement or disposal of an item of plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) INVESTMENT PROPERTIES

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(q)(i).

When the group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(i)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(i).

h) INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

The following intangible assets with finite useful lives are amortised from the date they are available for use on a straight-line basis and their estimated useful lives are as follows:

– Agency agreements	6 years
– Employment contract	2 years
– Customer relationship	4 years
– Software	4 years
– Trading rights	5 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Derecognition of intangible assets

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

i) LEASED ASSETS

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) Classification of assets leased to the group

Assets held by the group under leases which transfer to the group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(g)).

ii) Operating lease charges

Where the group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) IMPAIRMENT OF ASSETS

i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. The assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) IMPAIRMENT OF ASSETS (Continued)

i) Impairment of investments in equity securities and other receivables (Continued)

– If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For available-for-sale investments which are stated at fair value, when a decline in the fair value has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

– Impairment losses recognised in profit or loss in respect of available-for-sale investments are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the group is satisfied that recovery is remote, the amount considered irrecoverable is written off against the above debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– plant and equipment;

– investments in subsidiaries in the company's statement of financial position;

– deposit for acquisition of plant and equipment;

– intangible assets; and

– goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an assets will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) IMPAIRMENT OF ASSETS (Continued)

ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the group is required to prepare an interim financial report in compliance with HKAS 34 "Interim Financial Reporting" in respect of the first six months of the financial year. At the end of the interim period, the group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(j)).

Impairment losses recognised in an interim period in respect of goodwill and available-for-sale investments are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity securities increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

k) LOAN AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method less allowance for impairment of doubtful debts (see note 2(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such case, loan and receivables are stated at cost less allowance for impairment of doubtful debts. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of reporting period. These are classified as non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) LOAN AND RECEIVABLES (Continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

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 readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

m) TRADE AND OTHER PAYABLES

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) INTEREST-BEARING BORROWINGS/UNCONVERTIBLE BONDS

Interest-bearing borrowings and unconvertible bonds are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings and unconvertible bonds are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the 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 liability 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.

p) INCOME TAX

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amount of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) INCOME TAX (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the assets can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax assets can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) INCOME TAX (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

q) REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentive granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

ii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) REVENUE RECOGNITION (Continued)

iii) Interest income

Interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

iv) Commission income and service income

Commission income and service income are recognised when the relevant services are rendered.

v) Commission and fees income on dealing in securities

Commission income for broking business of securities dealing is recognised as income when the relevant contracts are executed.

vi) Placing and underwriting commission income

Placing and underwriting commission income are recognised when the relevant transactions have been arranged on the relevant services have been rendered.

vii) Investment management fee income

Investment management fee income is recognised when the relevant services are rendered.

r) TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) TRANSLATION OF FOREIGN CURRENCIES (Continued)

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong Dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong Dollars at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange fluctuation reserve.

On the disposal of a foreign operation (i.e., a disposal of the group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

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

s) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

t) RELATED PARTIES

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

   i) has control or joint control over the group;

   ii) has significant influence over the group; or

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) RELATED PARTIES (Continued)

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 a part, provides key management personnel services to the group or 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.

u) EMPLOYEE BENEFITS

i) Short-term employee benefits and contributions to defined contribution retirement plans

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u) EMPLOYEE BENEFITS (Continued)

ii) Share-based payments

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

During the vesting period, the number of share options expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the company's shares. The equity amount is recognised in the employee share-based compensation reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained earnings).

iii) Termination benefits

Termination benefits are recognised at the earlier of when the group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

v) SEGMENT REPORTING

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) PROVISIONS AND CONTINGENT LIABILITIES

(i) Contingent liabilities assumed in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(w)(ii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with note 2(w)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

x) DISCONTINUED OPERATION

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 geographical 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.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) DISCONTINUED OPERATION (Continued)

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of 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(s) constituting the discontinued operation.

y) PROPERTY UNDER DEVELOPMENT

Property under development is stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs and other direct costs attributable to such properties.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the group has applied the following new and revised HKFRSs issued by the HKICPA:

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

None of these impact on the accounting policies of the group. However, additional disclosure has been included in note 27 to satisfy the new disclosure requirements introduced by the amendments to HKAS 7, *Disclosure Initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The group's major financial instruments include trade and other receivables, loans receivables, trading securities, cash and cash equivalents, available-for-sale investments, fixed deposits, interest-bearing bank borrowings, trade and other payables and unconvertible bonds.

Details of these financial instruments are disclosed in respective notes. The group has exposure to the credit risk, liquidity risk, currency risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

i) CREDIT RISK

a) As at 31 March 2018 and 2017, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

b) The group limits its exposure to credit risk by placing deposits with financial institutions that meet the established credit rating or other criteria. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

As at 31 March 2018, the group has certain concentration of credit risk as 62% (2017: 55%) of total cash at bank and on hand and fixed deposits with maturity of 3 months or more were deposited at one financial institution in the Hong Kong with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

i) CREDIT RISK (Continued)

c) In respect of trade receivables arising from rental income from investment properties, in order to minimise the credit risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its tenants' financial position and condition are performed on each and every major tenant periodically. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates. The group has trade receivables of HK$14,613,000 (2017: HK$11,539,000) from the tenants. The group has received rental deposits amounting to HK$2,580,000 (2017: HK$2,328,000) from the tenants as collateral. Rents are usually due upon presentation of billing.

In respect of loan receivables from clients, the objective of the group's measures to manage credit risk is to control potential exposure to recoverability problem. The group manages and analyses the credit risk for each of their new and existing clients before standard payment terms and conditions are offered by assessing the credit quality of the customer, taking into account its financial position, past experience and other factors. The group holds collateral against loan receivables in the form of trading securities listed in Hong Kong or private equities held by individual customers. Loan receivables balances are monitored on an ongoing basis, management reviews the recoverable amount of loan receivables at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the group's credit risk is significantly reduced. Interest income are usually billed on monthly basis.

In respect of trade receivables arising from financial services, the group's maximum exposure to credit risk which will cause a financial loss to the group due to failure to discharge an obligation by the counterparties is the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the group has monitoring procedures for ensuring that follow-up actions are taken to recover overdue debts. The group reviews the recoverable amount of each individual client and borrower at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the company consider that the group's credit risk is significantly reduced. Apart from the exposure to margin clients, the directors of the company considers that the concentration of credit risk is limited due to customer base being large and unrelated.

d) The group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor, tenant and margin client. The default risk of the industry in which debtors, tenants or margin client operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the group had concentration of credit risk as for 67% (2017: 53%), 100% (2017: 100%) and 67% (2017: 100%) of the loan receivables, rental receivables and secured margin loan receivables from the business of dealing in securities were due from the group's five largest debtors, the two largest tenants and five (2017: three) largest margin clients respectively.

Further quantitative disclosures in respect of the group's exposure to credit risk arising from trade and other receivables and loans receivable are set out in notes 24 and 25, respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

ii) LIQUIDITY RISK

Individual operating entities within the group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to the company's board approval. The group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The group relies on interest-bearing bank borrowings and unconvertible bonds as a significant source of liquidity.

The following tables set out the remaining contractual maturities at the end of the reporting period of the group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the group can be required to pay.

	2018							2017						
	Weighted average effective interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000	Carrying amount HK$'000	Weighted average effective interest rate	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total contractual undiscounted cash outflow HK$'000	Carrying amount HK$'000
Trade and other payables	-	18,978	-	-	-	18,978	18,978	–	16,247	–	–	–	16,247	16,247
Interest-bearing bank borrowings	5.88%	5,180	5,062	23,376	12,940	46,558	38,110	5.39%	10,270	–	–	–	10,270	10,148
Unconvertible bonds	5%	1,000	10,929	10,338	-	22,267	20,000	5%	1,000	1,000	21,267	–	23,267	20,000
		25,158	15,991	33,714	12,940	87,803	77,088		27,517	1,000	21,267	–	49,784	46,395

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK

a) *Exposure to currency risk*

The group is exposure to currency risk related primarily to cash and cash equivalents and trade and other payables that are denominated in currencies other than the functional currency of the relevant group entities.

Most of the group's transactions, assets and liabilities are denominated in Hong Kong Dollars, which is the same as the functional currency of the entity to which they related.

The following table details the group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Hong Kong Dollars, translated using the spot rate at the year end date.

Exposure to foreign currencies (expressed in Hong Kong Dollars)

	2018	2017
	Renminbi	Renminbi
	HK$'000	HK$'000
Cash and cash equivalents	**8**	5
Trade and other payables	**(6,000)**	(5,413)
Overall exposure to currency risk	**(5,992)**	(5,408)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iii) CURRENCY RISK (Continued)

b) Sensitivity analysis

The following table indicates the instantaneous change in the group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2018		2017	
	Increase/ (decrease) in foreign exchange rates	**(Increase)/ decrease in loss after tax and accumulated losses HK$'000**	Increase/ (decrease) in foreign exchange rates	(Increase)/ decrease in loss after tax and accumulated losses HK$'000
Renminbi	**5%**	**(250)**	5%	(226)
	(5%)	**250**	(5%)	226

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' (loss)/profit after tax and equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the group which expose the group to foreign currency risk at the end of the reporting period. The analysis is performed on the same basis for 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

iv) INTEREST RATE RISK

The group's interest rates risk arises primarily from group's cash at bank, fixed deposits, loan receivables, unconvertible bonds and interest-bearing borrowings. Borrowings issued at variable rates and at fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively. The group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider to hedge significant interest rate exposures when the need is anticipated.

At 31 March 2018, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would increase/decrease the group's loss after tax and accumulated losses by approximately HK$286,000 (2017: HK$76,000). This is attributable to variable rate interest-bearing bank borrowings.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for both derivative and non-derivative financial instruments in existence at that date. The 1% increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of next annual reporting period. The analysis is performed on the same basis for 2017.

v) EQUITY PRICE RISK

The group is exposed to equity price changes arising from trading of listed securities classified as trading securities and available-for-sale investments. The sensitivity analysis has been determined based on the exposure to equity price risk.

The group's trading securities are listed on the Stock Exchange of Hong Kong and are included in the Hang Seng Index.

All of the group's unquoted available-for-sale investments are held for long term purposes. Their performance is assessed at least periodically against performance of similar listed entities, based on the information available to the group, together with an assessment of their relevance to the group's long term plans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

v) EQUITY PRICE RISK (Continued)

At 31 March 2018, it is estimated that an increase/(decrease) of 10% (2017: 10%) in the fair value of the group's trading securities and unquoted available-for-sale investments with all other variables held constant would have decreased/(increased) the group's loss after tax (and accumulated losses) and increase/(decrease) the group's other components of consolidated equity as follows:

	2018		2017	
	(Increase)/ decrease in loss after tax and accumulated losses HK$'000	**Increase/ (decrease) in other components of equity* HK$'000**	(Increase)/ decrease in loss after tax and accumulated losses HK$'000	Increase/ (decrease) in other components of equity* HK$'000
Unlisted investments fund classified as available-for-sale investments	**–**	**4,814**	–	50,160
Trading securities	**5,301**	**–**	15,315	–
	5,301	**4,814**	15,315	50,160

* Excluding accumulated losses

For the purpose of this analysis, for the available-for-sale investments, the impact is deemed to be on the investment revaluation reserve and no account is given for factors such as impairment which might impact on the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT

a) *Financial assets and liabilities measured at fair value*

Fair value hierarchy

The following table presents the fair value of the group's financial instruments measured at the end of the reporting period on a recurring basis, categorized 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.

The group has a team headed by the chief financial officer performing valuations for the financial instruments, including available-for-sale investments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the directors and the audit committee. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the directors. Discussion of the valuation process and results with the directors and the audit committee is held twice a year, to coincide with the reporting dates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

	Fair value measurements as at 31 March 2018 categorised into				Fair value measurements as at 31 March 2017 categorised into			
	Level 1	**Level 2**	**Level 3**	**Fair value at 31 March 2018**	Level 1	Level 2	Level 3	Fair value at 31 March 2017
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurements assets:								
Available-for-sale investments								
— Unlisted investments fund (note 1 & 2)	**–**	**4,041**	**44,103**	**48,144**	–	72,562	429,035	501,597
— Financial Product (note 2)	**–**	**–**	**13,745**	**13,745**	–	–	–	–
Trading securities	**53,011**	**–**	**–**	**53,011**	153,152	–	–	153,152

During the years ended 31 March 2017 and 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Note:

1 The valuation techniques and key inputs used of available-for-sale investments for level 2 fair value measurement are as follows:

The fair value of available-for-sale investments is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

Note: (Continued)

2 The valuation techniques and key inputs used of available-for-sale investments for level 3 fair value measurement at the end of the reporting period are as follows:

	Valuation techniques	Significant unobservable inputs	Percentage of discount
Unlisted investments fund classified as available-for-sale investments	Market comparable companies	Discount for lack of marketability	25% (2017: 25%)

The fair value of unlisted available-for-sale equity investment is assessed to approximate the net asset values indicated on the net asset value statements issued by investment fund managers, which take into consideration the fair value of the assets held under the investments. Where appropriate, a discount is applied to take into consideration of the unlisted securities held under the investment. The fair value measurement is negatively correlated to the discount for lack of marketability. No sensitivity analysis is disclosed for the impact of changes in the discount for the lack of marketability as the management considers that the exposure is insignificant to the group.

The fair value of Financial Product is determined by discounting the contractual price of financial assets. The discount rate used is derived from the expected return.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2018	2017
	HK$'000	HK$'000
Unlisted investments fund classified as available-for-sale investments:		
At the beginning of the year	**429,035**	200,000
Additions	**–**	70,000
Changes in fair value	**(384,932)**	159,035
At the end of the year	**44,103**	429,035
Financial Product classified as available-for-sale investments:		
At the beginning of the year	**–**	–
Additions	**12,971**	–
Exchange alignment	**774**	–
At the end of the year	**13,745**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vi) FAIR VALUE MEASUREMENT (Continued)

b) *Fair value of financial assets and liabilities carried at other than fair value*

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values. The fair value is estimated at the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments that are either:

- offset in the group's consolidated statement of financial position; or
- not offset in the group's consolidated statement of financial position as the offsetting criteria are not met.

Under the agreement of continuous net settlement made between the group and Hong Kong Securities Clearing Company Limited ("HKSCC"), the group has a legally enforceable right to set off the money obligations receivable and payable with HKSCC on the same settlement date and are settled simultaneously. In addition the group has a legally enforceable right to set off all clients accounts receivable and payable at any time without prior notice to clients and the group intends to settle these balances on a net basis.

Except for above, amounts due from/to HKSCC that are not to be settled on the same date, accounts receivable and payable from clients not intends to settle on a net basis, financial collateral including cash and securities received by the group, deposit placed with HKSCC do not meet the criteria for offsetting in the consolidated statement of financial position since the right of set-off of the recognised amounts is only enforceable following an event of default.

As at 31 March 2018

Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position Collateral received* HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities	94,377	(530)	93,847	(17,241)	76,606
Deposit placed with clearing house	4,530	–	4,530	–	4,530

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

Type of financial liabilities	**Gross amounts of recognised financial liabilities HK$'000**	**Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000**	**Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000**	**Related amounts not offset in the consolidated statement of financial position Collateral pledged HK$'000**	**Net amount HK$'000**
Accounts payable arising from the business of dealing in securities	**8,768**	**(530)**	**8,238**	**–**	**8,238**

As at 31 March 2017

Type of financial assets	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position Collateral received* HK$'000	Net amount HK$'000
Accounts receivable arising from the business of dealing in securities	105,444	(42,363)	63,081	(52,229)	10,852
Deposit placed with clearing house	230	–	230	–	230

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

4. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

vii) FINANCIAL ASSETS AND FINANCIAL LIABILITIES OFFSETTING (Continued)

Type of financial liabilities	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not offset in the consolidated statement of financial position Collateral pledged HK$'000	Net amount HK$'000
Accounts payable arising from the business of dealing in securities	48,335	(42,363)	5,972	–	5,972

* The item "collateral received" represents the securities pledged in the clients' account which are not recognised in the consolidated statements of financial position. The amounts are capped at the lower of the market value of securities and the net receivable amounts on a client by client basis.

5. ACCOUNTING JUDGEMENTS AND ESTIMATES

a) KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the group's accounting policies which are described in note 2, management has made certain 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, as discussed below.

i) Estimated impairment of receivables

When there is objective evidence of impairment loss, the group takes into consideration the estimation of future cash flows. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2018, the carrying amount of trade and other receivables and loan receivables are HK$95,272,000 (net of allowance for impairment and doubtful debts of HK$68,524,000) (2017: carrying amount of HK$75,871,000, net of allowance for impairment and doubtful debts of HK$50,933,000) and HK$259,378,000 (2017: HK$275,000,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

a) KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

ii) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2018 at their fair value. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss.

The carrying amount of investment properties as at 31 March 2018 was HK$264,906,000 (2017: HK$234,015,000).

iii) Impairment of goodwill

The group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 March 2018 was HK$4,748,000 (2017: HK$4,748,000).

iv) Fair value of available-for-sale investments

The fair value of available-for-sale investments were measured using valuation technique based on inputs that can be observed in the market and unobservable inputs such as company specific financial information. The carrying amount of available-for-sale investments as at 31 March 2018 was HK$61,889,000 (2017: HK$501,597,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

5. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

b) CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

In determining the carrying amounts of some assets and liabilities, the group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the group's accounting policies.

i) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6. SEGMENT REPORTING

Operating segments, and the amounts of each segment item reported in these financial statements, are identified on the basis of internal reports which provides information about components of the group. These information are reported to and reviewed by the board of directors, which is the chief operating decision maker ("CODM"), for the purposes of resource allocation and performance assessment.

The CODM considers the business from product perspectives. The group has presented the following three reportable segments. These segments are managed separately. The properties investment segment, money lending service segment and financial services segment offer very different products and services.

PROPERTIES INVESTMENT: The properties investment reportable operating segment derives its revenue primarily from leasing of investment properties.

MONEY LENDING BUSINESS: The money lending business reportable segment derives its revenue primarily from lending out loans and receive interest.

FINANCIAL SERVICES: The financial services reportable segment derives its revenue from providing brokerage services for securities dealing, placing and undertaking services, margin financing and asset management.

No reportable operating segment has been aggregated.

a) SEGMENT RESULTS, ASSETS AND LIABILITIES

For the purposes of assessing segment performance and allocating resources between segments, the group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the group's accounting policies. Segment profit/(loss) represents the profit earned by/(loss) from each segment without allocation of central administration costs such as directors' salaries, share of loss of an associate, unallocated finance costs, corporate income, depreciation and interest income and fair value change in contingent consideration receivable and warrants. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6. SEGMENT REPORTING (Continued)

a) SEGMENT RESULTS, ASSETS AND LIABILITIES (Continued)

All assets are allocated to reportable segments other than available-for-sale investments, property under development and corporate assets. All liabilities are allocated to reportable segments other than deferred tax liabilities, tax payable, unconvertible bonds and corporate liabilities.

Information regarding the group's reportable segments as provided to the group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 March 2018 and 2017 is set out below.

Continuing operations:

	2018				2017			
	Properties investment HK$'000	**Money lending business HK$'000**	**Financial services HK$'000**	**Total HK$'000**	Properties investment HK$'000	Money lending business HK$'000	Financial services HK$'000	Total HK$'000
Revenue from external customers	**8,511**	**42,688**	**10,561**	**61,760**	9,354	48,491	5,500	63,345
Reportable segment revenue	**8,511**	**42,688**	**10,561**	**61,760**	9,354	48,491	5,500	63,345
Reportable segment (loss)/profit before taxation	**(424)**	**39,658**	**(18,664)**	**20,570**	17,843	45,047	(5,004)	57,886
Interest income of bank deposits	**9**	**–**	**3**	**12**	7	–	36	43
Depreciation and amortisation								
– Plant and equipment	**(1,125)**	**–**	**(218)**	**(1,343)**	(841)	–	(161)	(1,002)
– Intangible asset	**–**	**–**	**(2,229)**	**(2,229)**	–	–	(1,813)	(1,813)
Valuation gain on investment properties	**5,257**	**–**	**–**	**5,257**	20,015	–	–	20,015
Impairment loss of accounts receivable	**–**	**–**	**(16,964)**	**(16,964)**	–	–	–	–
Finance costs	**(2,029)**	**–**	**–**	**(2,029)**	(1,137)	–	–	(1,137)
Reportable segment assets	**295,790**	**269,927**	**154,758**	**720,475**	246,312	309,831	123,022	679,165
Additions to non-current assets during the year	**17**	**–**	**–**	**17**	4,638	–	16,983	21,621
Reportable segment liabilities	**59,899**	**300**	**10,724**	**70,923**	29,403	1,066	8,809	39,278

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS:

	2018 HK$'000	2017 HK$'000
(i) Revenue		
Total reportable segment revenue	**61,760**	63,345
Consolidated revenue	**61,760**	63,345
(ii) (Loss)/profit		
Total reportable segments' profit	**20,570**	57,886
Share of loss of an associate	**–**	(8)
Unallocated corporate income	**361**	1,205
Depreciation	**(2,350)**	(2,585)
Interest income	**98**	113
Unallocated finance costs	**(1,000)**	(4,862)
Fair value change in contingent consideration receivables	**–**	(1,990)
Fair value change on warrants	**–**	73
Impairment loss of available-for-sale investments reclassified from equity to profit or loss	**(371,856)**	–
Unallocated corporate expenses	**(212,946)**	(83,794)
Consolidated loss before taxation from continuing operations	**(567,123)**	(33,962)
(iii) Assets		
Reportable segments' assets	**720,475**	679,165
Available-for-sale investments	**48,144**	501,597
Property under development	**20,362**	18,576
Trading securities	**53,011**	153,152
Unallocated corporate assets	**41,182**	94,934
Consolidated total assets	**883,174**	1,447,424
(iv) Liabilities		
Reportable segments' liabilities	**(70,923)**	(39,278)
Unconvertible bonds	**(20,000)**	(20,000)
Unallocated corporate liabilities	**(9,732)**	(8,594)
Consolidated total liabilities	**(100,655)**	(67,872)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6. SEGMENT REPORTING (Continued)

b) RECONCILIATIONS OF REPORTABLE SEGMENT REVENUES, PROFIT OR LOSS, ASSETS AND LIABILITIES AND OTHER ITEMS: (Continued)

(v) Other items

	2018				
	Properties investment HK$'000	**Money lending business HK$'000**	**Financial services HK$'000**	**Unallocated HK$'000**	**Total HK$'000**
Interest income					
– bank deposits	**9**	**–**	**3**	**98**	**110**
Depreciation	**(1,125)**	**–**	**(218)**	**(2,350)**	**(3,693)**
Finance cost	**(2,029)**	**–**	**–**	**(1,000)**	**(3,029)**

	2017				
	Properties investment HK$'000	Money lending business HK$'000	Financial services HK$'000	Unallocated HK$'000	Total HK$'000
Interest income					
– bank deposits	7	–	36	113	156
Depreciation	(841)	–	(161)	(2,585)	(3,587)
Finance cost	(1,137)	–	–	(4,862)	(5,999)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

6. SEGMENT REPORTING (Continued)

c) GEOGRAPHICAL INFORMATION

The following is an analysis of geographical location of (i) the group's revenue from continuing operation external customers and (ii) the group's non-current assets. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The group's non-current assets (other than financial instruments) include plant and equipment, investment properties, intangible assets, goodwill and deposit for acquisition of plant and equipment. The geographical location of plant and equipment and investment properties are based on the physical location of the asset. In the case of intangible assets, goodwill and deposit for acquisition of plant and equipment, it is based on the location of operation to which they are allocated.

	Revenue from external customers		Non-current assets	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**53,249**	53,991	**15,111**	18,981
PRC	**8,511**	9,354	**271,019**	238,342
Others	**–**	–	**2,872**	3,635
	61,760	63,345	**289,002**	260,958

d) INFORMATION ABOUT MAJOR CUSTOMERS

Revenues from customers contributed 10% or more of the total revenue of the group are as follows:

	2018	2017
	HK$'000	HK$'000
Customer A – revenue from properties investment	**–**	6,747
Customer B – revenue from money leading business & financial services	**6,395**	–
	6,395	6,747

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

7. REVENUE

Revenue from continuing operations represents rental income from investment properties, investment management fee income, commission and fees income on dealing in securities, placing and underwriting commission, interest income from margin and initial public offer financing and loan interest income. The amount of each significant category of revenue recognised during the year is as follows:

	2018	2017
	HK$'000	HK$'000
Continuing operations:		
Rental income from investment properties	**8,511**	9,354
Loan interest income	**42,688**	48,491
Investment management fee income	**30**	159
Commission and fees income on dealing in securities	**1,486**	2,251
Placing and underwriting commission	**–**	2,360
Interest income from margin and initial public offer financing	**9,045**	730
	61,760	63,345

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2018	2017
	HK$'000	HK$'000
Continuing operations:		
a) Other income		
Interest income on bank deposits	**110**	156
	110	156
Dividend income	**38**	16
Gain on disposal of plant and equipment	**–**	73
Sundry income	**350**	1,081
	498	1,326

During the year, the interest income that was derived from financial assets not at fair value through profit or loss amounting to HK$51,843,000 (2017: HK$49,377,000), included interest income on loans and from margin and initial public offer financing in revenue and interest income in other income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

8. OTHER INCOME AND OTHER GAINS AND LOSSES (Continued)

	2018 HK$'000	2017 HK$'000
b) Other gains and losses		
Net foreign exchange (loss)/gain	**(1,692)**	995
Fair value loss on contingent consideration receivable	**–**	(1,990)
Fair value gain on warrants	**–**	73
	(1,692)	(922)

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

	2018 HK$'000	2017 HK$'000
Continuing operations:		
a) Finance costs		
Interest expense on bank borrowings	**728**	1,137
Interest expense on other borrowings	**1,301**	5
Interest expense on promissory notes	**–**	3,857
Interest expense on unconvertible bonds	**1,000**	1,000
Total interest expense on financial liabilities not at fair value through profit or loss	**3,029**	5,999

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

9. LOSS BEFORE TAXATION (Continued)

		2018 HK$'000	2017 HK$'000
b)	**Staff costs (including directors' remuneration)**		
	Salaries, wages and other benefits	**33,468**	32,381
	Contribution to defined contribution retirement plans	**888**	786
	Equity-settled share-based payment expenses	**27,392**	–
		61,748	33,167
c)	**Other items**		
	Auditor's remuneration		
	– audit services	**1,798**	1,540
	– other services	**510**	1,294
	Amortisation of intangible assets, included in cost of sales and services rendered	**2,229**	1,813
	Depreciation	**3,693**	3,587
	Gross rental income from investment properties less direct outgoings of HK$264,000 (2017: HK$902,000)	**(8,247)**	(8,452)
	Operating lease charges: minimum lease payments		
	– rented premises, including directors' quarters of HK$1,019,000 (2017: HK$2,181,000)	**9,429**	8,744
	– hire of plant and equipment	**245**	–
	Gain on disposal of plant and equipment	**–**	(73)
d)	**Other expenses**		
	Net change in unrealised fair value loss of trading securities	**67,534**	31,282
	Write off of other receivables	**–**	39
	Loss on disposal of interest in an associate	**–**	67
	Realised loss on dealing of trading securities	**68,656**	3,378
	Impairment loss of goodwill	**–**	721
	Impairment loss of accounts receivable	**16,964**	–
		153,154	35,487

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

10. DISCONTINUED OPERATIONS

DISPOSAL OF INVESTMENT IN EDUCATIONAL SUPPORT BUSINESS

On 22 August 2016, the company entered into a sale agreement to dispose of entire equity interests in Liqun Investments Limited and its 90% owned subsidiary, which carried out educational support business. The disposal was completed on 10 November 2016. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 35.

On 11 November 2016, the company entered into a sale agreement to dispose of 90% equity interests in Able Up Investment Limited and its wholly-owned subsidiaries, which carried out educational support business. The disposal was completed on 14 November 2016. Details of the assets and liabilities disposed of, and the calculation of the profit or loss on disposal, are disclosed in note 35.

Upon completion of the above disposals, the group discontinued its educational support business.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

10. DISCONTINUED OPERATIONS (Continued)

ANALYSIS OF RESULTS FOR THE YEAR FROM DISCONTINUED OPERATIONS

The results of the discontinued operations included in the loss for the year are set out below. The comparative loss and cash flows from the discontinued operations have been re-presented to include the operation classified as discontinued in the current year. The comparative consolidated statement of profit or loss has been restated to show the discontinued operations separately from continuing operations.

	2018 **HK$'000**	2017 HK$'000
Discontinued operations:		
Revenue	–	10,881
Cost of sales and services rendered	–	(8,429)
Gross profit	–	2,452
Other income	–	65
Other gains and losses	–	(37)
Administrative expenses	–	(3,837)
Loss from operations	–	(1,357)
Finance costs	–	–
Loss before taxation	–	(1,357)
Income tax credit	–	816
Loss after taxation	–	(541)
Gain on disposal of subsidiaries (note 35)	–	23,691
	–	23,691
Profit for the year from discontinued operations	–	23,150
Attributable to:		
Owners of the company	–	23,204
Non-controlling interests	–	(54)
Profit for the year	–	23,150

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

10. DISCONTINUED OPERATIONS (Continued)

Loss for the year from discontinued operations include the following:

	2018 HK$'000	2017 HK$'000
Discontinued operations:		
a) Finance costs		
Interest expenses on other borrowings	–	–
b) Staff costs (including directors' remuneration)		
Salaries, wages and other benefits	–	2,381
Contribution to defined contribution retirement plans	–	73
	–	2,454
c) Other items		
Amortisation of intangible assets, included in cost of sales and services rendered	–	4,947
Depreciation	–	179
Gross rental income from investment properties less direct outgoings of HK$Nil (2017: HK$Nil)	–	(55)
Operating lease charges: minimum lease payments	–	552

	2018 HK$'000	2017 HK$'000
Cash flows from discontinued operations		
Net cash used in from operating activities	–	(581)
Net cash used in investing activities	–	(81)
Net cash outflows from discontinued operations	–	(662)
Profit per share from discontinued operations		
Basic	–	HK0.64 cents
Diluted	–	HK0.64 cents

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

10. DISCONTINUED OPERATIONS (Continued)

The calculations of basic and diluted earnings per share from the discontinued operations are based on:

	2018 HK$'000	2017 HK$'000
Profit attributable to owners of the company from the discontinued operations	–	23,204
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation (note 15)	–	3,649,175
Weighted average number of ordinary shares used in the diluted earnings per share calculation (note 15)	–	3,649,175

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, and the chief executive's emoluments are as follows:

	2018						
	Fees HK$'000	Salaries and other benefits in kind* HK$'000	Discretionary bonuses HK$'000	Retirement scheme contribution HK$'000	Sub-total HK$'000	Share-based payments HK$'000	Total HK$'000
Executive directors							
Au Tat On	–	654	150	18	822	–	822
Xu Dong *(chief executive)* (note) (resigned on 12 December 2017)	–	6,705	3,600	13	10,318	2,296	12,614
Han Wei *(chief executive)* (note) (re-designated from a non-executive director on 1 August 2017)	–	1,767	500	29	2,296	2,296	4,592
	–	9,126	4,250	60	13,436	4,592	18,028
Independent non-executive directors							
Lai Wai Yin	120	–	–	–	120	–	120
Cao Jie Min	120	–	–	–	120	–	120
Tse Kwong Wah (resigned on 14 July 2017)	34	–	–	–	34	–	34
Liang Kuo-Chieh (appointed on 14 July 2017)	86	–	–	–	86	–	86
	360	–	–	–	360	–	360
Total	360	9,126	4,250	60	13,796	4,592	18,388

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

	2017				
	Fees HK$'000	Salaries and other benefits in kind* HK$'000	Discretionary bonuses HK$'000	Retirement scheme contribution HK$'000	Total HK$'000
Executive directors					
Au Tat On	–	842	100	18	960
Xu Dong *(chief executive)* (note)	–	8,046	1,840	18	9,904
	–	8,888	1,940	36	10,864
Independent non-executive directors					
Lai Wai Yin	120	–	–	–	120
Cao Jie Min	120	–	–	–	120
Tse Kwong Wah	120	–	–	–	120
	360	–	–	–	360
Non-executive director					
Yu Wai Fong (resigned on 5 December 2016)	–	4,323	920	18	5,261
Han Wei (appointed on 5 December 2016)	–	175	–	8	183
	–	4,498	920	26	5,444
Total	360	13,386	2,860	62	16,668

* Other benefits in kind included in director's quarters.

Note: Mr. Xu Dong was the director and the chief executive of the company and was responsible for the company's day to day management and overall activities up to 12 December 2017, the date of his resignation. With effect from 12 December 2017, his vacancy was filled up by Han Wei. The remuneration of Mr. Xu Dong and Han Wei for 2017 and 2018 is disclosed above.

No emoluments have been paid to the directors 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. No director waived or agreed to waive any emoluments during the years ended 31 March 2018 and 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the group, two (2017: three) are directors of the company whose emoluments are included in the disclosure in note 11 above. The emoluments of the remaining three (2017: two) individuals are as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and other emoluments	**7,319**	5,283
Contributions to retirement benefit scheme	**132**	110
Equity-settled share-based payment expenses	**5,203**	–
	12,654	5,393

The emoluments of the three (2017: two) individuals with the highest emoluments are within the following bands:

	Number of individuals	
	2018	2017
Nil – HK$1,000,000	**–**	–
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	1
HK$2,000,001 – HK$2,500,000	**–**	–
HK$2,500,001 – HK$3,000,000	**1**	–
HK$3,000,001 – HK$3,500,000	**–**	–
HK$3,500,001 – HK$4,000,000	**1**	1
HK$4,000,001 – HK$4,500,000	**–**	–
HK$4,500,001 – HK$5,000,000	**–**	–
HK$5,000,001 – HK$5,500,000	**–**	–
HK$5,500,001 – HK$6,000,000	**–**	–
HK$6,000,001 – HK$6,500,000	**1**	–
	3	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

13. INCOME TAX EXPENSES (RELATING TO CONTINUING OPERATIONS)

a) Income tax relating to continuing operations recognised in profit or loss represents:

	2018	2017
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax	**1,387**	1,067
Deferred tax		
Origination and reversal of temporary differences	**946**	4,705
Income tax expenses	**2,333**	5,772

The provision for Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of estimated assessable profits for the year.

The provision for PRC Enterprise Income Tax ("EIT") is calculated at 25% (2017: 25%) of the estimated assessable profits for the year. No provision for EIT was provided for as the company's subsidiaries operating in the People's Republic of China incurred losses for the years ended 31 March 2018 and 2017.

b) Reconciliation between tax expenses and accounting loss at applicable tax rates:

	2019	2017
	HK$'000	HK$'000
Loss before taxation from continuing operations	**(567,123)**	(33,962)
Notional tax on loss before taxation, calculated at the tax rates applicable to respective tax jurisdictions	**(93,891)**	(4,205)
Tax effect of non-taxable income	**(371)**	(13,971)
Tax effect of non-deductible expenses	**97,146**	19,923
Tax effect of temporary differences not recognised	**212**	176
Tax effect of utilisation of tax losses previously not recognised	**(1,113)**	(2,162)
Tax effect of unused tax losses not recognised	**380**	6,032
One-off tax reduction	**(30)**	(20)
Over provision in prior year	**–**	(1)
Income tax expenses	**2,333**	5,772

14. DIVIDENDS

The directors did not propose the payment of any dividend for the year ended 31 March 2018 (2017: Nil) in view of the loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

15. LOSS PER SHARE

FROM CONTINUING AND DISCONTINUED OPERATIONS

The calculation of basic loss per share is based on the loss attributable to owners of the company of HK$569,456,000 (2017: HK$16,530,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the year (2017: 3,649,175,000 ordinary shares).

Weighted average number of ordinary shares:

	2018	2017
	'000	'000
Weighted average number of ordinary shares for the purpose of basic loss per share	**4,857,582**	3,649,175
Effect of deemed issue of shares under the company's share option scheme for nil consideration	**–**	–
Weighted average number of ordinary shares for the purpose of diluted loss per share (note)	**4,857,582**	3,649,175

Note: The potential ordinary shares arising from the assumed conversion of the share options are anti-dilutive at the loss from continuing operations level for the year ended 31 March 2018 and so, have been treated as anti-dilutive for the purpose of calculating diluted loss per share. There were no potential ordinary shares in issue for the year ended 31 March 2017.

FROM CONTINUING OPERATIONS

The calculation of basic loss per share for continuing operations is based on the loss attributable to owners of the company of HK$569,456,000 (2017: HK$39,734,000) and on the weighted average number of 4,857,582,000 ordinary shares in issue during the year (2017: 3,649,175,000 ordinary shares).

FROM DISCONTINUED OPERATIONS

For the year ended 31 March 2017, basic earnings per share from the discontinued operations was HK0.64 cents per share and diluted earnings per share from the discontinued operations was HK0.64 cents per share, based on the profit for the year 2017 from the discontinued operations attributable to owners of the company of approximately HK$23.2 million and the denominators detailed above for both basic and diluted profit per share from discontinued operations.

DILUTED LOSS PER SHARE

Diluted loss per share equals to basic loss per share because the outstanding share options had an anti-dilutive effect on the basic loss per share for the year ended 31 March 2018.

Diluted loss per share equals to basic loss per share because there were no potential ordinary shares in issue for the year ended 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

16. PLANT AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Motor vessels HK$'000	Total HK$'000
Cost					
At 1 April 2016	321	2,305	16,915	–	19,541
Additions	2,699	2,460	1,812	2,433	9,404
Acquisition of subsidiaries (note 42)	–	25	–	–	25
Disposal of subsidiaries	(284)	(1,167)	–	–	(1,451)
Disposals	–	(25)	(2,661)	–	(2,686)
Exchange alignment	(37)	(74)	(316)	(33)	(460)
At 31 March 2017	2,699	3,524	15,750	2,400	24,373
At 1 April 2017	2,699	3,524	15,750	2,400	24,373
Additions	–	17	–	–	17
Exchange alignment	176	206	559	104	1,045
At 31 March 2018	2,875	3,747	16,309	2,504	25,435
Accumulated depreciation					
At 1 April 2016	(84)	(1,294)	(9,668)	–	(11,046)
Charge for the year	(886)	(512)	(2,246)	(122)	(3,766)
Eliminated on disposals of assets	–	–	2,537	–	2,537
Written back on disposal of subsidiaries	109	396	–	–	505
Exchange alignment	9	45	206	2	262
At 31 March 2017	(852)	(1,365)	(9,171)	(120)	(11,508)
At 1 April 2017	(852)	(1,365)	(9,171)	(120)	(11,508)
Charge for the year	(1,080)	(502)	(1,610)	(501)	(3,693)
Exchange alignment	(74)	(97)	(310)	(5)	(486)
At 31 March 2018	(2,006)	(1,964)	(11,091)	(626)	(15,687)
Carrying amount					
At 31 March 2018	869	1,783	5,218	1,878	9,748
At 31 March 2017	1,847	2,159	6,579	2,280	12,865

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

17. INVESTMENT PROPERTIES

	HK$'000
Valuation (Level 3 fair value measurements):	
At 1 April 2016	228,635
Gain on revaluation	20,015
Exchange alignment	(14,635)
At 31 March 2017	234,015
At 1 April 2017	234,015
Gain on revaluation	5,257
Exchange alignment	25,634
At 31 March 2018	264,906

All of the group's investment properties are held in the PRC.

All of the group's investment properties were revalued on 31 March 2018 and 31 March 2017 by Castores Magi (Hong Kong) Limited, an independent firm of professional valuers, who has recognised and relevant professional qualification and recent experience in the location and category of properties being valued. The properties had been revalued on the income capitalisation approach. The group's chief financial officer has discussion with the valuers on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date. The investment properties are leased to third parties under operating leases, further details of which are included in note 36(i) to the financial statements.

The group's investment properties of approximately HK$175,005,000 (2017: approximately HK$160,096,000) were pledged to secure general banking facilities granted to the group (note 29).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES

i) Fair value hierarchy

The following table presents the fair value of the group's investment properties measured at the end of the reporting period on a recurring basis, categorized 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.

		Fair value measurements as at 31 March 2018 categorised into				Fair value measurements as at 31 March 2017 categorised into		
	Fair value at 31 March 2018 HK$'000	**Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**	Fair value at 31 March 2017 HK$'000	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement								
Investment properties:								
– Commercial – PRC	**264,906**	**–**	**–**	**264,906**	234,015	–	–	234,015

During the year ended 31 March 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil). The group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

17. INVESTMENT PROPERTIES (Continued)

FAIR VALUE MEASUREMENT OF PROPERTIES (Continued)

ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
Investment properties I Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$225 - HK$269 (2017: HK$168 - HK$307)
		Rental growth rate	1% (2017: 1%)
		Market yield	5% (2017: 5.5%)
Investment properties II Commercial - the PRC	Income capitalisation approach	Estimated rental value (per square metre and per month)	HK$124 – HK$231 (2017: HK$132 – HK$205)
		Rental growth rate	1% (2017: 1%)
		Market yield	5% (2017: 5.5%)

A significant increase/(decrease) in the estimated rental value (per square metre and per month) and rental growth rate in isolation would result in a significant increase/(decrease) in the fair value of the investment properties. A significant increase/(decrease) in the market yield in isolation would result in a significant decrease/(increase) in the fair value of the investment properties.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2018 **HK$'000**	2017 HK$'000
Investment properties – Commercial – PRC		
At 1 April	**234,015**	228,635
Valuation gain on investment properties	**5,257**	20,015
Exchange alignment	**25,634**	(14,635)
At 31 March	**264,906**	234,015

All the gains recognised in profit or loss for the year arise from the properties held at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

18. SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the group.

			Proportion of ownership interest			
Name	Place of incorporation and business	Particulars of issued and paid up capital	Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
Luck Grow Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Lok Wing Group Limited	Hong Kong	50,000,000 ordinary shares	100%	–	100%	Investment holding
上海祥宸行置業有限公司 Shanghai Xiang Chen Hang Place The Industry Co Limited* (Note)	PRC	US$12,571,540	100%	–	100%	Property investment
Allied China Development Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
View Success Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
北京博思嘉睿商務顧問有限公司 (Note)	PRC	HK$4,000,000	100%	–	100%	Agency service
Triglory Group Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Triple Glory Holdings Limited	Hong Kong	1 ordinary share	100%	–	100%	Money lending business

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

18. SUBSIDIARIES (Continued)

Name	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the company	Held by a subsidiary	Principal activity
China Properties Investment North America Inc.	Canada	10,000 ordinary shares of CAD300 each	100%	–	100%	Property investment
Big Fair International Limited	The British Virgins Islands	1 ordinary share of US$1 each	100%	100%	–	Investment holding
Fair Union Investment Limited	Hong Kong	1 ordinary share	100%	–	100%	Investment holding
C.P. Securities International Limited	Hong Kong	183,819,999 ordinary shares	100%	–	100%	Financial services
C.P. Financial Management Limited	Hong Kong	4,800,000 ordinary shares	100%	–	100%	Financial services
GR Global Limited	The British Virgins Islands	100 ordinary shares of US$1 each	100%	100%	–	Investment holding
HKFM Global Fund SPC	Cayman Islands	100 management shares of US$1 each	100%	–	100%	Financial services
HKFM Investment Management Limited	Cayman Islands	1 ordinary share of US$1 each	100%	–	100%	Financial services

Note: Registered under the laws of the PRC as a wholly-foreign-owned enterprise.

* For identification only.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

19. INTANGIBLE ASSETS

	Agency agreements HK$'000	Employment contract HK$'000	Customer relationship HK$'000	Software HK$'000	Trading rights HK$'000	Total HK$'000
Cost						
At 1 April 2016	6,257	8,000	8,000	4,000	–	26,257
Acquisition of subsidiaries (note 42)	–	–	–	–	11,143	11,143
Disposal of subsidiaries	(6,257)	(8,000)	(8,000)	(4,000)	–	(26,257)
At 31 March 2017, 1 April 2017 and 31 March 2018	–	–	–	–	11,143	11,143
Accumulated amortisation and impairment						
At 1 April 2016	2,042	5,440	2,720	1,360	–	11,562
Charge for the year	651	2,455	1,227	614	1,813	6,760
Written back on disposal of subsidiaries	(2,693)	(7,895)	(3,947)	(1,974)	–	(16,509)
At 31 March 2017	–	–	–	–	1,813	1,813
At 1 April 2017	–	–	–	–	1,813	1,813
Charge for the year	–	–	–	–	2,229	2,229
At 31 March 2018	–	–	–	–	4,042	4,042
Carrying amount						
At 31 March 2018	–	–	–	–	7,101	7,101
At 31 March 2017	–	–	–	–	9,330	9,330

a) TRADING RIGHTS

Intangible assets include trading rights in the Stock Exchange and the Hong Kong Futures Exchange Limited, with finite life.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

20. GOODWILL

	Educational support service HK$'000	**Sales of educational products** HK$'000	**Financial services** HK$'000	**Total** HK$'000
Cost				
At 1 April 2016	4,764	16,496	–	21,260
Acquisition of subsidiaries (note 42)	–	–	5,469	5,469
Disposal of subsidiaries (note 35)	(4,764)	(16,496)	–	(21,260)
At 31 March 2017, 1 April 2017 and 31 March 2018	–	–	5,469	5,469
Accumulated impairment losses				
At 1 April 2016	–	–	–	–
Impairment loss	–	–	721	721
At 31 March 2017, 1 April 2017 and 31 March 2018	–	–	721	721
Carrying amount				
At 31 March 2018	–	–	4,748	4,748
At 31 March 2017	–	–	4,748	4,748

Goodwill is allocated to the following cash-generating units ("CGUs") in the educational support business segment and financial services segment as follows:

	2018 **HK$'000**	2017 HK$'000
Financial services	**4,748**	4,748
At 31 March	**4,748**	4,748

NOTES TO THE FINANCIAL STATEMENTS

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20. GOODWILL (Continued)

IMPAIRMENT TESTS FOR CASH-GENERATING UNITS CONTAINING GOODWILL

Goodwill acquired through business combinations has been allocated to the CGUs for impairment testing. The recoverable amount of the CGUs, are determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 1% (2017: 1%) for financial services, which do not exceed the long-term average growth rates for the business in which the CGUs operate. The cash flows are discounted using a discount rate of 14.32% (2017: 11.34%) for financial services. The discount rates used are pre-tax and reflect specific risks relating to the relevant business. The cash flow projection and the growth rate of the financial services business has already taken into consideration of the instruction from the SFC to the subsidiary to refrain from providing further margin lending or other form of financial accommodation to clients until it has fully complied with the applicable Code of Conduct requirements, and the assessment of timing of implementing measures required by the SFC to satisfactorily addressing the identified deficiencies and risk concerns and thus not resulting in the SFC taking further action which may include the imposition of conditions on the subsidiary's licence.

The values assigned to the key assumptions on market development and discount rates are consistent with external information sources. Based on the results of the impairment tests, there was no impairment of goodwill for the year ended 31 March 2018 (2017: impairment loss: HK$721,000).

21. DEPOSIT FOR ACQUISITION OF PLANT AND EQUIPMENT

	2018	2017
	HK$'000	HK$'000
At 1 April	**–**	–
Deposit paid	**2,358**	–
Exchange alignment	**141**	–
At 31 March	**2,499**	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

22. AVAILABLE-FOR-SALE INVESTMENTS

	2018 HK$'000	2017 HK$'000
Non-current assets:		
Unlisted investments fund, at fair value (Note i)	**48,144**	501,597
Current assets:		
Financial Product, at fair value (Note ii)	**13,745**	–
	61,889	501,597

Note:

i. The loss on fair value change in the investments of approximately HK$453,453,000 (2017: gain of HK$54,138,000) which were recognised in other comprehensive income and reflected in the investment revaluation reserve.

ii. The amount represents investment in financial products issued by bank with expected return of 5% per annum and will mature within one year. The carrying amount approximated the fair value.

23. PROPERTY UNDER DEVELOPMENT

	2018 HK$'000	2017 HK$'000
Property under development, at cost		
At 1 April	**18,576**	18,053
Additions	**982**	989
Exchange alignment	**804**	(466)
At 31 March	**20,362**	18,576

The property under development is a freehold land located in Canada.

At 31 March 2018, the property under development are held for resale after property development.

The amount of the property under development expected to be recoverable after more than one year is HK$20,362,000 (2017: HK$18,576,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	14,699	11,594
Less: allowance for doubtful debts (note 24(b)(i))	(6,422)	(5,795)
Trade receivables (net)	8,277	5,799
Accounts receivable from the business of dealing in securities (note 3)		
Clearing house and cash clients	40	10,852
Secured margin loans	93,807	52,229
Less: allowance for doubtful debts (note 24(b)(ii))	(16,964)	–
Accounts receivable from the business of dealing in securities (net)	76,883	63,081
Interest receivables from money lending business	9,789	6,680
Other loan and interest receivables (note 2)	45,138	45,138
Less: impairment (note 24(b)(iii))	(45,138)	(45,138)
Other loan and interest receivables (net)	–	–
Other receivables	323	311
Loans and receivables	95,272	75,871
Prepayments and deposits	15,400	7,015
	110,672	82,886

Note:

1) All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

2) On 27 July 2011, the company entered into a participation deed with the Simsen Capital Finance Limited ("Simsen") and the sub-participation agreement with Power Alliance International Limited respectively in relation to the participation of the advancement of the first participation amount of HK$42,000,000 and second participation amount of HK$8,000,000 (together the "Participation Loans"). The interest rate for Participation Loans was 18% per annum. The Participation Loans are in association with a loan agreement (the "Loan Agreement") between Simsen and Make Success Limited ("Borrower"). The Borrower has assigned a promissory note of HK$300,000,000 (the "PN") and a convertible note of HK$90,000,000 (the "CN") as security to Simsen under the Loan Agreement. The PN and CN were issued by Mayer Holdings Limited ("Mayer") to the Borrower.

   The repayment date of the loan is the date falling three months from the date of drawdown which may be extended for further three months if so agreed by the parties thereto. The Loan had been drawn down by the borrower on 7 June 2011, and the repayment date of the Loan was 6 September 2011. On 7 September 2011, both parties agreed to extend the Loan for further three months to 5 December 2011. The Borrower had defaulted the first and second payments during the year ended 31 March 2012.

   Following a litigation between Mayer and the Borrower, Simsen disposed of the PN on 10 February 2012 for an amount of HK$10,000,000 with the consent of the company. During the year ended 31 March 2015, the company received HK$4,862,000 from the disposal of the PN after the payment of other loan participant of Simsen, all cost and expenses in connection with the disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

3) The settlement terms of accounts receivable, except for secured margin loans, arising from the business of dealing in securities are two days after trade date.

For secured margin loans, as at 31 March 2018 and 31 March 2017, the loans are secured by pledged securities, repayable on demand subsequent to settlement date and bear interest at commercial rates.

The total market value of securities pledged as collateral in respect of the loans to margin clients were approximately HK$17,241,000 as at 31 March 2018 (2017: HK$219,802,000). Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collateral are required if the amount of accounts receivable outstanding exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the group's discretion to settle any outstanding amount owed by margin clients. Management of the group has assessed the market value of the pledged securities of each individual customer that has margin shortfall as at the end of each reporting period.

During the year ended 31 March 2018, part of the collateral held was sold at the group's discretion to settle the outstanding amount. Eventually, none of the outstanding balances were secured by sufficient collateral on an individual basis. Accounts receivable with carrying amount of approximately HK$16,964,000 are considered impaired. Remaining margin loans that are past due but not impaired, with a total amount of HK$47,694,000 as at 31 March 2018, which relate to a number of independent clients that have a good track record with the group and there has not been a significant change in credit quality. The group believes that the amounts are still considered recoverable and no further impairment allowance is considered necessary given the group received a settlement of approximately HK$18,694,000 after the end of the reporting period and the group set up a repayment schedule with each of margin clients.

As at 31 March 2017, all of the outstanding balances were secured by sufficient collateral on an individual basis. Therefore, the group considered that no impairment allowance was necessary after further consideration of subsequent repayment of monies or additional collateral received from clients.

a) AGEING ANALYSIS

(i) Trade receivable

Trade receivables are net of allowance for doubtful debts of HK$6,422,000 (2017: HK$5,795,000) with the following ageing analysis presented based on invoice dates:

	2018	2017
	HK$'000	HK$'000
Within 1 month	**32**	32
1 to 3 months	**284**	23
3 to 6 months	**1,499**	–
Over 6 months	**6,462**	5,744
	8,277	5,799

Trade receivables are due within 0-60 days from the date of billing. Further details on the group's credit policy are set out in note 4(i).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES (Continued)

a) AGEING ANALYSIS (Continued)

(ii) Accounts receivable from the business of dealing in securities

Accounts receivable from the business of dealing in securities are net of allowance for doubtful debts of HK$16,964,000 (2017: HK$Nil) with the following ageing analysis presented based on invoice dates:

	2018	2017
	HK$'000	HK$'000
Within 1 month	**40**	43,117
1 to 3 months	**11,796**	19,964
Over 6 months	**65,047**	–
	76,883	63,081

Accounts receivable from clearing house and cash clients are due two days after trade date while accounts receivable from secured margin loans are due immediately from the date of billing. Further details on the group's credit policy are set out in note 4(i).

(iii) Interest receivables

No allowance for doubtful debt had been made for interest receivables and the ageing analysis is presented based on invoice dates as follows:

	2018	2017
	HK$'000	HK$'000
Within 1 month	**5,045**	6,680
1 to 3 months	**4,438**	–
3 to 6 months	**306**	–
	9,789	6,680

Interest receivables are due immediately from the date of billing. Further details on the group's credit policy are set out in note 4(i).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES

i) The movements in the allowance for doubtful debts in respect of trade receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

	2018	2017
	HK$'000	HK$'000
At 1 April	**5,795**	6,179
Exchange alignment	**627**	(384)
At 31 March	**6,422**	5,795

Note:

1) As at 31 March 2018 and 2017, trade receivables of the group amounting to approximately HK$6,422,000 (2017: HK$5,795,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over 1 year as at the end of the reporting period. The group does not hold any collateral over these balances.

ii) The movements in the allowance for doubtful debts in respect of accounts receivable from the business of dealing in securities

	2018	2017
	HK$'000	HK$'000
At 1 April	**–**	–
Provision for the year	**16,964**	–
At 31 March	**16,964**	–

The group has a policy for determining the allowance for impairment based on the evaluation of collectability and ageing analysis of accounts receivable if applicable and on management's judgement, including the current creditworthiness, colleteral and the past collection history of each client.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES (Continued)

b) IMPAIRMENT OF TRADE RECEIVABLES (Continued)

iii) The movements of impairment loss of loan and interest receivables

	2018	2017
	HK$'000	HK$'000
At 1 April and 31 March	**45,138**	45,138

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED

(a) Trade receivables

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

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**86**	55
Past due but not impaired		
– Less than 3 months past due	**230**	–
– 3 to 6 months past due	**1,499**	–
– Over 6 months past due	**6,462**	5,744
	8,277	5,799

Receivables that were neither part due nor impaired related to a number of customers for whom there was no recent history of default.

Receivables that were past due but not impaired mainly relate to customers and tenants that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group hold rental deposits of HK$2,580,000 (2017: HK$2,328,000) as collateral over the balances related to rent.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

24. TRADE AND OTHER RECEIVABLES (Continued)

c) TRADE RECEIVABLES THAT ARE NOT IMPAIRED (Continued)

(b) Accounts receivable from the business of dealing in securities

The ageing analysis of accounts receivable from the business of dealing in securities that are neither individually nor collectively considered to be impaired are as follows:

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**29,189**	59,671
Past due but not impaired		
– Less than 3 months past due	**5,804**	3,410
– Over 6 months past due	**41,890**	–
	76,883	63,081

Receivables that were past due but not impaired relate to a number of clients that have a good track record with the group. Based on past experience and the settlement after the end of the reporting period, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities as collateral over the balances related to margin loans.

(c) Interest receivables

The ageing analysis of interest receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018	2017
	HK$'000	HK$'000
Neither past due nor impaired	**5,045**	4,752
Past due but not impaired		
– Less than 3 months past due	**4,438**	1,928
– 3 to 6 months past due	**306**	–
	9,789	6,680

Receivables that were past due but not impaired relate to a number of borrowers that have a good track record with the group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities and private equities as collateral over these balances.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

25. LOAN RECEIVABLES

	2018 HK$'000	2017 HK$'000
Loan receivables arising from:		
– Money lending business	**259,378**	275,000
Amounts due within one year included under current assets	**209,398**	275,000
Amounts due after one year included under non-current assets	**49,980**	–
	259,378	275,000

Notes:

i) During the year ended 31 March 2018, the group lent total amount of HK$259,378,000 to independent third parties. These loan receivables had 10 to 24 month loan periods and bore interest at 10% or 18% per annum, and the corresponding interest were expected to be repaid on a monthly, bi-monthly or quarterly basis. These loan receivables were secured by Hong Kong listed securities or private equities. The loan receivables with carrying amounts of HK$165,980,000 were secured by listed securities and private equities with aggregate fair value of approximately HK$353,492,000 at 31 March 2018. However, part of the fair value of pledged securities were lower than the corresponding outstanding loans. After taking into consideration the group received loan repayment with principal amount of total HK$128,398,000 together with the loan interest upon maturity of certain loans after the end of the reporting period and based on the past repayment record, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

During the year ended 31 March 2017, the group lent total amount of HK$275,000,000 to independent third parties. These loan receivables had 6 to 16 month loan periods and bore interest at 18% per annum, and the corresponding interest were expected to be repaid on a monthly, bi-monthly or quarterly basis. These loan receivables were secured by Hong Kong listed securities. The loan receivables with a carrying amount of HK$275,000,000 were secured by listed securities and the fair value of such pledged securities was approximately HK$607,906,000 at 31 March 2017. As at 31 March 2017, all of the fair value of pledged securities were higher than the corresponding outstanding loans.

a) MATURITY PROFILE

As at the end of the reporting period, the maturity profile of loan receivables, based on maturity date, is as follows:

	2018 HK$'000	2017 HK$'000
Due within 1 month or on demand	**142,282**	15,000
Due after 1 month but within 3 months	**19,116**	41,000
Due after 3 months but within 6 months	**–**	139,000
Due after 6 months but within 12 months	**48,000**	80,000
Due after 12 months	**49,980**	–
	259,378	275,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

25. LOAN RECEIVABLES (Continued)

b) LOAN RECEIVABLES THAT ARE NOT IMPAIRED

The ageing analysis of loan receivables that are neither individually nor collectively considered to be impaired are as follows:

	2018 **HK$'000**	2017 HK$'000
Neither past due nor impaired	**117,096**	275,000
Past due but not impaired		
– Less than 3 months past due	**10,000**	–
– 3 to 6 months past due	**58,000**	–
– Over 6 months past due	**74,282**	–
	259,378	275,000

The loan receivables that were neither part due nor impaired related to a number of debtors for whom there was no recent history of default.

The loan receivables that were past due but not impaired mainly relate to debtors that have a good track record with the group. The directors of the company are of the opinion that no provision for impairment is necessary in respect of these loan receivables as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The group holds Hong Kong listed securities and private equities as collateral over these balances.

26. TRADING SECURITIES

	2018 **HK$'000**	2017 HK$'000
Listed equity securities, at fair value in Hong Kong	**53,011**	153,152

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

26. TRADING SECURITIES (Continued)

Details of the investments in trading securities were as follows:

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2017	Approx. % shareholding as at 31/3/2017	Market value as at 31/3/2017 HK$'000	Change in no. of share held for the year ended 31/3/2018	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK$'000	Realised gain/(loss) on disposal for the year ended 31/3/2018 HK$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2018 HK$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2018 HK$'000
QPL International Holdings Limited	243	Manufacture and sale of integrated circuit leadframes, heatsinks and stiffeners	9,000,000	0.4%	5,130	(9,000,000)	-	-	-	(3,369)	-	(3,369)
SOHO China Limited	410	Investment in real estate development, property leasing and property management	19,500	0.0004%	81	-	19,500	0.0004%	80	-	(1)	(1)
AMCO United Holding Limited	630	Engaged in manufacture and sale of medical devices products and plastic moulding products; provision of construction services; provision of money lending and investment in securities	-	-	-	22,970,000	22,970,000	1.2%	2,481	-	413	413
China e-Wallet Payment Group Limited	802	Provision of biometric and RFID products and solution services, internet and mobile application and related services	40,000,000	1.7%	26,800	(40,000,000)	-	-	-	(22,703)	-	(22,703)
Unity Investments Holdings Limited	913	Investment in listed companies in Hong Kong stock markets, and also investment in unlisted companies	67,000,000	3.8%	8,776	(40,670,000)	26,330,000	1.4%	1,580	(5,831)	(26)	(5,857)
China Construction Bank Corporation - H Shares	939	Provision of corporate and personal banking services	-	-	-	125,000	125,000	0.00005%	1,008	-	209	209
Milan Station Holdings Limited	1150	Retailing of handbags, fashion accessories and embellishments operation	25,000,000	3.1%	9,000	(12,000,000)	13,000,000	1.6%	2,600	(2,668)	(2,080)	(4,748)
Bolina Holding Company Limited	1190	Engaged in the manufacture and sale of sanitary ware and accessories	-	-	-	9,116,000	9,116,000	0.7%	820	-	(649)	(649)
Lerado Financial Group Company Limited*	1225	Providing financial services, including securities broking, margin financing and money lending etc., and manufacturing and distributing children plastic toys and medical care products	107,000,000	4.6%	12,411	-	107,000,000	4.6%	-	-	(12,412)	(12,412)
China Investment and Finance Group Limited	1226	Trading of securities trading and investment holding	90,000,000	4.0%	22,500	(90,000,000)	-	-	-	(17,272)	-	(17,272)
AIA Group Limited	1299	Providing insurance services	-	-	-	13,600	13,600	0.00011%	903	-	102	102
Time2U International Holding Limited	1327	Engaged in the manufacture and sales of own-branded watches, OEM watches and third-party watches	-	-	-	30,000,000	30,000,000	0.9%	1,260	-	(129)	(129)
China Kingstone Mining Holdings Limited	1380	Production and sale of marble and marble related products	-	-	-	90,480,000	90,480,000	3.2%	7,057	-	(2,877)	(2,877)
Major Holdings Limited	1389	Sale and distribution of premium wine and spirits products	5,600,000	0.2%	7,223	(5,600,000)	-	-	-	(6,331)	-	(6,331)
SHIS Limited	1647	Providing integrated building services	-	-	-	-	-	-	-	1,033	-	1,033

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

26. TRADING SECURITIES (Continued)

Stock Name	Stock Code	Nature of business	No. of share held 31/3/2017	Approx. % shareholding as at 31/3/2017	Market value as at 31/3/2017 HK$'000	Change in no. of share held for the year ended 31/3/2018	No. of share held 31/3/2018	Approx. % shareholding as at 31/3/2018	Market value as at 31/3/2018 HK$'000	Realised gain/(loss) on disposal for the year ended 31/3/2018 HK$'000	Unrealised gain/(loss) on fair value change for the year ended 31/3/2018 HK$'000	Total gain/(loss) on dealing of trading securities for the year ended 31/3/2018 HK$'000
China Aoyuan Property Group Limited	3883	Property Development, provision consultancy services and hotel ownership	35,000	0.001%	81	-	35,000	0.0013%	252	-	170	170
Sino Splendid Holdings Limited	8006	Engaged in travel media operations; provision of contents and advertising services in a well- known financial magazine; investment in securities and money lending Business	-	-	-	19,000,000	19,000,000	4.9%	3,914	-	(95)	(95)
Hao Wen Holdings Limited	8019	Carrying money lending business, trading and manufacturing of biomass fuel and trading of electronic parts	85,000,000	4.0%	16,150	(10,000,000)	75,000,000	3.5%	6,900	(1,368)	(7,350)	(8,718)
KPM Holding Limited	8027	Provision of design, fabrication, installation and maintenance of signage and related products	50,000,000	1.6%	45,000	(2,000,000)	48,000,000	1.5%	3,312	(1,572)	(39,888)	(41,460)
Luxey International (Holdings) Limited	8041	Engaged in manufacturing and trading of high-end swimwear and garment products; trading and provision of on-line shopping and media related services; and money lending business	-	-	-	61,240,000	61,240,000	1.0%	6,614	-	156	156
China 33 Media Group Limited	8087	Provision of advertising services of printed media for railway networks; film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong	-	-	-	142,780,000	142,780,000	2.5%	7,139	-	3,570	3,570
Wealth Glory Holdings Limited	8269	Trading of natural resources and commodities; money lending business; investment in coal trading business; development and promotion of brands, design, manufacture and sale of trendy fashion merchandises and other consumer products; and investment in securities	-	-	-	27,700,000	27,700,000	3.4%	2,853	-	(2,384)	(2,384)
Asia Grocery Distribution Limited	8413	Engaged in the food and beverage grocery distribution business	-	-	-	28,250,000	28,250,000	2.4%	4,238	-	(4,263)	(4,263)
HM International Holdings Limited	8416	Provision of integrated printing services for corporate clients	-	-	-	-	-	-	-	(8,575)	-	(8,575)
					153,152				53,011	(68,656)	(67,534)	(136,190)

* Suspend trading

Note:

1. The market value of listed equity securities is based on their closing bid prices at the end of the reporting period.
2. None of the above trading securities is individually carrying at value more than 5% of the group's net assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

27. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	2018 HK$'000	2017 HK$'000
Cash at bank and on hand	**88,051**	155,255
Less: Fixed deposits with maturity of 3 months or more	**(10,339)**	(11,658)
Trust accounts (Note)	**(16,033)**	(6,822)
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	**61,679**	136,775

Deposit with banks carry interest at market rates ranging from 0.001% to 1.35% (2017: 0.001% to 0.78%) per annum.

Note: The group receives and holds money deposited by clients and other institutions in the course of the conduct of the regulated activities. These clients' money are maintained in one or more trust bank accounts and bear interest at commercial rates. The group has recognised the corresponding accounts payable to respective clients and other institutions. However, the group currently does not have an enforceable right to offset those payables with the deposits placed.

(b) Reconciliation of liabilities arising from financing activities

	Other borrowings HK$'000	Interest-bearing bank borrowings HK$'000 (Note 29)	Unconvertible bonds HK$'000 (Note 31)	Total HK$'000
At 1 April 2017	–	10,148	20,000	30,148
Changes from financing cash flows				
Proceeds from new bank borrowings and other borrowings	14,150	35,966	–	50,116
Repayment of bank borrowings and other borrowings	(14,150)	(10,613)	–	(24,763)
Interest paid	(1,301)	(728)	(1,000)	(3,029)
Total changes from financing cash flows	(1,301)	24,625	(1,000)	22,324
Exchange adjustments	–	2,609	–	2,609
Other changes:				
Interest expenses	1,301	728	1,000	3,029
Total other changes	1,301	3,337	1,000	5,638
At 31 March 2018	–	38,110	20,000	58,110

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

28. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Accounts payable from the business of dealing in securities (note a)		
Clearing house	**101**	–
Margin and cash clients	**8,137**	5,972
Other payables and accruals	**10,453**	10,016
Amounts due to directors (note 37)	**250**	226
Amounts due to related parties (note 37)	**37**	33
Financial liabilities measured at amortised cost	**18,978**	16,247
Receipt in advance	**1,323**	1,383
Rental deposit received (non-refundable)	**2,580**	2,328
	22,881	19,958

Notes:

a) The settlement terms of accounts payable, except for margin loans, arising from the business of dealing in securities are two days after trade date. All of the remaining trade and other payables (including amounts due to related parties and amounts due to directors) are expected to be settled or recognised as income within one year or are repayable on demand.

Accounts payable to margin and cash clients arising from the business of dealing in securities bear variable interest at commercial rates, and are repayable on demand subsequent to settlement date.

As at 31 March 2018, included in accounts payable, amounts of HK$8,137,000 (2017: HK$5,972,000) respectively were payable to clients and other institutions in respect of the trust and segregated bank balances received and held for clients and other institutions in the course of conducting the regulated activities. However, the group currently does not have an enforceable right to offset these accounts payables with the deposits placed.

b) The amounts due to directors and amounts due to related parties are unsecured, interest-free and repayable on demand.

The following is an aging analysis of accounts payable from the business of dealing in securities presented based on the invoice dates:

	2018 HK$'000	2017 HK$'000
Within 1 month	**8,238**	5,972

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

29. INTEREST-BEARING BANK BORROWINGS

At 31 March 2018, the secured bank borrowings were due for repayment as follows:

	2018 HK$'000	2017 HK$'000
Current liabilities		
Within 1 year or on demand	**3,124**	10,148
Non-current liabilities		
After 1 year but within 2 years	**3,124**	–
After 2 years but within 5 years	**19,367**	–
After 5 years	**12,495**	–
	34,986	–
Total	**38,110**	10,148

All of the interest-bearing borrowings were carried at amortised cost. None of the non-current interest bearing borrowings is expected to be settled within one year.

None of the portion of interest-bearing borrowings due for repayment after one year contain a repayment on demand clause.

The range of effective interest-rates (which are also equal to contractual interest rates) on the group's bank borrowings are as follows:

	2018	2017
Effective interest rates:		
Variable-rate borrowings	**5.88%**	5.39%

At 31 March 2018, the bank borrowings were secured by the investment properties of the group with an aggregate carrying amount of approximately HK$175,005,000 (2017: approximately HK$160,096,000) (see note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

a) CURRENT TAXATION IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION REPRESENT

	2018 **HK$'000**	2017 HK$'000
Current tax		
Provision for Hong Kong Profits Tax	**300**	1,067
Provisional tax paid for Hong Kong Profits Tax	**(809)**	–
	(509)	1,067
Representing:		
Tax recoverable	**(809)**	–
Tax payable	**300**	1,067
	(509)	1,067

b) DEFERRED TAX LIABILITIES RECOGNISED

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

	Intangible assets HK$'000	**Revaluation of investment properties** HK$'000	**Depreciation allowances in excess of related depreciation** HK$'000	**Total** HK$'000
Deferred tax liabilities arising from:				
At 1 April 2016	2,425	10,947	95	13,467
Acquisition of subsidiaries (note 42)	1,838	–	–	1,838
Deferred tax (credited)/charged to profit or loss	(1,115)	5,004	–	3,889
Disposal of subsidiaries	(1,609)	–	(95)	(1,704)
Exchange alignment	–	(791)	–	(791)
At 31 March 2017	1,539	15,160	–	16,699
At 1 April 2017	**1,539**	**15,160**	**–**	**16,699**
Deferred tax (credited)/charged to profit or loss	**(368)**	**1,314**	**–**	**946**
Exchange alignment	**–**	**1,719**	**–**	**1,719**
At 31 March 2018	**1,171**	**18,193**	**–**	**19,364**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

30. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

c) DEFERRED TAX ASSETS NOT RECOGNISED

As at 31 March 2018, the group has unused tax losses arising in Hong Kong of HK$16,269,168 (2017: HK$22,837,203) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets have been recognised in respect of the tax losses due to the unpredictability of future profits streams.

In addition, the group has unused tax losses of RMB39,893,549 (2017: RMB53,527,015) available for offset against future profits that may be carried forward for a period of up to five years for PRC Enterprise Income tax purposes. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

31. UNCONVERTIBLE BONDS

	2018	2017
	HK$'000	HK$'000
Unconvertible bonds	**20,000**	20,000

The amount represented two unconvertible bonds of total HK$20,000,000 (2017: HK$20,000,000) with HK$10,000,000 each. As at 31 March 2018, accrued interest of HK$234,000 (2017: HK$234,000) was included in other payables and accruals. The unconvertible bonds bear interest at 5% per annum on the outstanding aggregate principal amount. The interest is payable in arrears annually on the anniversary of issue date or redemption date. The company may redeem principal amounts of outstanding bonds in whole or in part at any time before the maturity date. The maturity date of the unconvertible bonds are 7 years from their issue date i.e. 7 February 2020 and 4 December 2020 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

32. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each	
	'000	HK$'000
Authorised:		
At 1 April 2016, 31 March 2017, 1 April 2017 and 31 March 2018	30,000,000	300,000

	HK$'000
Issued and fully paid:	
At 1 April 2016	**971,516**	**9,715**
Right issue (note i)	**3,886,066**	**38,861**
At 31 March 2017, 1 April 2017 and 31 March 2018	**4,857,582**	**48,576**

i) Right issue

On 24 May 2016, the company proposed to issue 3,886,065,724 right shares at the subscription price of HK$0.141 per right share on the basis of four right shares for every one existing issued share. 3,886,065,724 shares were fully issued when the right issue was completed on 4 August 2016 and approximately HK$547,935,000 was raised, before deduction of relevant expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The company has a share option scheme which was adopted on 16 December 2011 whereby the directors of the company are authorized, at their discretion, to invite the company's employees, company's director (including independent non-executive directors), other employees and director of the group, suppliers of goods or services to the group, customers of the group, persons or entities that provided research, development or other technological support to the group, any shareholder of the group (collectively "Participant") and any company wholly owned by one or more persons belonging to any of the Participant, to take up options at a nominal consideration to subscribe for ordinary shares of the company. The exercise price of options should be the highest of the nominal value of the shares, the closing price of the shares on the SEHK on the date of grant and the average closing price of the shares on the SEHK for the five business days immediately preceding the date of grant. The share option scheme shall be valid and effective for a period of ten years ending on 15 December 2021, after which no further options will be granted.

The option vest immediately from the date of grant and then exercisable within a period of 5 years from 11 July 2017 to 10 July 2022 or from 10 October 2017 to 9 October 2022. Each option gives the holder the right to subscribe for one ordinary share in the company and is settled gross in shares.

a) The terms and condition of the grant are as follows:

Date of grant	Exercisable period	Exercise price	Number of share options
i) Options granted to directors			
10 October 2017	10 October 2017 to 9 October 2022	HK$0.05	97,150,000
ii) Options granted to employees			
11 July 2017	11 July 2017 to 10 July 2022	HK$0.058	80,900,000
10 October 2017	10 October 2017 to 9 October 2022	HK$0.05	388,600,000
			566,650,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

a) The terms and condition of the grant are as follows: (Continued)

For the year ended 31 March 2018

	Number of share options					
	Outstanding at 1 April 2017	Granted during the year	Outstanding at 31 March 2018	Date of grant of share options*	Exercisable period of share options	Exercise price of share options** HK$
Directors						
Mr Xu Dong (resigned on 12 December 2017)	–	48,575,000	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
Mr Han Wei	–	48,575,000	48,575,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	–	97,150,000	97,150,000			
Employees						
Other employees	–	80,900,000	80,900,000	11-7-2017	11-7-2017 to 10-7-2022	0.058
Other employees	–	388,600,000	388,600,000	10-10-2017	10-10-2017 to 9-10-2022	0.05
	–	469,500,000	469,500,000			
Total number of share options	–	566,650,000	566,650,000			

* The share options vested immediately from the date of the grant.

** The exercise price of the share option is subject of adjustment in the case of rights issues, or other relevant changes in the company's share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

b) The number and weighted average exercise price of share options under the scheme are as follows:

	2018		2017	
	Weighted average exercise price HK$	**Number of shares issuable under options**	Weighted average exercise price HK$	Number of shares issuable under options
Outstanding at 1 April	**–**	**–**	–	–
Granted during the year	**0.051**	**566,650,000**	–	–
Outstanding at 31 March	**0.051**	**566,650,000**	–	–
Exercisable at the end of the year	**0.051**	**566,650,000**	–	–

The share option scheme is governed by chapter 17 of the Listing Rules. No option has been granted for the year ended 31 March 2017.

The share options outstanding at 31 March 2018 had an exercise price of HK$0.05 or HK$0.058 and a weighted average remaining contractual life of 4.49 years. No option was outstanding at 31 March 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. RESERVES

a) The reconciliation between the opening and closing balances of each component of the group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the company's individual components of equity between the beginning and the end of the year are set out below:

The company

	Share premium HK$'000	Contributed surplus HK$'000	Employee share-based compensation reserve HK$'000	Exchange fluctuation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	1,569,401	136,012	–	36,089	27,459	(1,011,126)	757,835
Change in equity for 2016/2017							
Loss for the year	–	–	–	–	–	(22,864)	(22,864)
Other comprehensive income							
Changes in fair value of available-for-sale investments	–	–	–	–	54,138	–	54,138
Total comprehensive loss for the year	–	–	–	–	54,138	(22,864)	31,274
Right issue (note 32(i))	509,074	–	–	–	–	–	509,074
Share issues expenses	(13,698)	–	–	–	–	–	(13,698)
Total transactions with owners	495,376	–	–	–	–	–	495,376
At 31 March 2017	2,064,777	136,012	–	36,089	81,597	(1,033,990)	1,284,485
At 1 April 2017	**2,064,777**	**136,012**	**–**	**36,089**	**81,597**	**(1,033,990)**	**1,284,485**
Change in equity for 2017/2018							
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(555,047)**	**(555,047)**
Other comprehensive income							
Changes in fair value of available-for-sale investments	**–**	**–**	**–**	**–**	**(453,453)**	**–**	**(453,453)**
Reclassification adjustments relating to impairment loss of available-for-sale investments	**–**	**–**	**–**	**–**	**371,856**	**–**	**371,856**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(81,597)**	**(555,047)**	**(636,644)**
Equity-settled share-based transactions	**–**	**–**	**27,392**	**–**	**–**	**–**	**27,392**
Total transactions with owners	**–**	**–**	**27,392**	**–**	**–**	**–**	**27,392**
At 31 March 2018	**2,064,777**	**136,012**	**27,392**	**36,089**	**–**	**(1,589,037)**	**675,233**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. RESERVES (Continued)

b) NATURE AND PURPOSES OF THE RESERVES

i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981. The share premium account of the company is distributable to the owners of the company in the form of fully paid bonus shares.

ii) Special reserve

The group's special reserve represents the difference between the nominal value of the shares and the share premium account of the subsidiaries acquired pursuant to the group reorganisation in prior years, over the nominal value of the company's shares issued in exchange therefore and the difference between the total consideration and the net assets value of the subsidiaries acquired for the year ended 31 March 2011.

iii) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the company recognised in accordance with the accounting policy adopted for share-based payments in note 2(u)(ii).

iv) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities whose functional currency is other than Hong Kong Dollars. The reserve is dealt with in accordance with the accounting policies set out in note 2(r).

v) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale investments held at the end of the reporting period and is dealt with in accordance with the accounting policies in note 2(e).

vi) Contributed surplus

The contributive surplus represents the credit arising from capital reduction for the year ended 31 March 2016.

c) DISTRIBUTABILITY OF RESERVES

At 31 March 2018, the aggregate amount of reserves available for distribution to owners of the company was approximately HK$647,841,000 (2017: equivalent to approximately HK$1,202,888,000) subject to the restriction on the share premium account as stated above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

34. RESERVES (Continued)

d) CAPITAL MANAGEMENT

The group's objectives when managing capital are to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt as it sees fit and appropriate.

The group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing bank borrowings and unconvertible bonds) less cash and cash equivalents and fixed deposits. Total equity comprises all components of equity.

During the year ended 31 March 2018, the group's strategy, which was unchanged from 2017, was to maintain a gearing ratio as low as feasible. In order to maintain or adjust the ratio, the group may adjust the amount of dividends paid to the owners, return capital to the owners, issue new shares or sell assets to reduce debt. The gearing ratios at 31 March 2018 and 2017 were as follows:

	2018	2017
	HK$'000	HK$'000
Total borrowings		
Interest-bearing bank borrowings (note 29)	**38,110**	10,148
Unconvertible bonds (note 31)	**20,000**	20,000
Less: Cash and cash equivalents (note 27)	**(61,679)**	(136,775)
Fixed deposits (note 27)	**(10,339)**	(11,658)
Trust accounts (note 27)	**(16,033)**	(6,822)
Adjusted net cash	**(29,941)**	(125,107)
Total equity	**782,519**	1,379,552
Gearing ratio	**N/A**	N/A

Several subsidiaries of the group (the "Regulated Subsidiaries") are granted licenses by the Hong Kong Securities and Futures Commission (the "SFC") for the business they operate in. The Regulated Subsidiaries are subject to liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules (the "SF(FR)R"). Management of the group closely monitors, on a daily basis, the Regulated Subsidiaries' liquid capital level to ensure compliance with the minimum liquid capital requirements under the SF(FR)R. The Regulated Subsidiaries has no non-compliance of capital requirements imposed by the SF(FR)R throughout both years.

Neither the company nor its other subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

35. DISPOSAL OF SUBSIDIARIES

i) DISPOSAL OF LIQUN INVESTMENT

On 10 November 2016, the group completed the disposal of entire equity interests in Liqun Investment and its subsidiaries which carried out educational support operation.

	HK$'000
Consideration received:	
Cash received during the year	40,000
Waiver of interest payables	9,467
Promissory note redeemed	59,524
Waiver of contingent consideration receivables	(59,809)
	(285)
	49,182

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	925
Goodwill (note 20)	16,496
Intangible assets	6,184
Trade receivable	4,543
Deposits, prepayments and other debtors	154
Bank balances and cash	19
Trade payables	(87)
Other payables and accruals	(1,703)
Deferred tax liabilities	(1,116)
Net assets disposal date	25,415
Gain on disposal of subsidiaries:	
Consideration received	49,182
Non-controlling interests	892
Net assets disposed of	(25,415)
	24,659
Net cash inflows arising on disposal:	
Cash consideration received	40,000
Cash and cash equivalents balance disposed of	(19)
	39,981

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

35. DISPOSAL OF SUBSIDIARIES (Continued)

ii) DISPOSAL OF ABLE UP INVESTMENT

On 14 November 2016, the group completed the disposal of entire equity interests in Able Up Investment and its subsidiaries which carried out educational support operation.

	HK$'000
Consideration received:	
Cash received during the year	8,000
	8,000

Analysis of assets and liabilities over which control was lost:

	HK$'000
Plant and equipment	21
Goodwill (note 20)	4,764
Intangible assets	3,564
Tax recoverable	239
Trade receivable	257
Deposits, prepayments and other debtors	982
Bank balances and cash	312
Other payables and accruals	(116)
Deferred tax liabilities	(588)
Net assets at disposal date	9,435
Loss on disposal of subsidiaries:	
Consideration received	8,000
Non-controlling interests	467
Net assets disposed of	(9,435)
	(968)
Net cash inflows arising on disposal:	
Cash consideration received	8,000
Cash and cash equivalents balance disposed of	(312)
	7,688

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

36. COMMITMENTS

OPERATING LEASE COMMITMENTS

i) The group as lessor:

The group leases its investment properties under operating lease arrangements to tenants, with leases negotiated for terms ranging from eight to twelve years. The terms of the leases generally require the tenants to pay security deposits. At the end of the reporting period, the group had total future minimum lease payments receivable under non-cancellable operating leases with its tenants falling due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	**15,849**	11,083
In the second to fifth year, inclusive	**24,793**	27,350
Over five years	**37,324**	41,737
	77,966	80,170

ii) The group as lessee:

The group leases certain office premises, staff quarters and plant and equipment under operating leases. Leases are negotiated for terms ranging from one to six years.

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

	2018 HK$'000	2017 HK$'000
Within one year	**9,088**	7,729
In the second to fifth years, inclusive	**5,423**	6,468
	14,511	14,197

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

37. MATERIAL RELATED PARTY TRANSACTIONS

a) KEY MANAGEMENT PERSONNEL EMOLUMENTS

Emoluments for key management personnel, including amounts paid to the company's directors as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12 are as follows:

	2018	2017
	HK$'000	HK$'000
Short-term employee benefits	**19,960**	22,596
Post-employment benefits	**211**	190
Equity-settled share-based payment expenses	**7,189**	–
	27,360	22,786

Total emoluments is included in "staff costs" (see note 9(b)).

b) OUTSTANDING BALANCES WITH RELATED PARTIES

In addition to the transactions detailed elsewhere in these financial statements, the group had the following transactions with related parties during the year:

	2018	2017
	HK$'000	HK$'000
Amounts due to directors (note 28)	**250**	226
Amounts due to related parties (note 28)	**37**	33

The amount due to related parties represented the advance from the directors of company's subsidiaries. The balances with these related parties and the amounts due to directors are unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

2018

Financial assets

	Available for sale financial assets HK$'000	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Trading securities	–	53,011	–	53,011
Available-for-sale investments	61,889	–	–	61,889
Financial assets included in trade and other receivables	–	–	95,272	95,272
Loan receivables	–	–	259,378	259,378
Fixed deposits	–	–	10,339	10,339
Cash and bank balances	–	–	77,712	77,712
	61,889	53,011	442,701	557,601

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in trade and other payables	18,978	18,978
Interest-bearing bank borrowings	38,110	38,110
Unconvertible bonds	20,000	20,000
	77,088	77,088

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

38. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

2017

Financial assets

	Available for sale financial assets HK$'000	Financial assets at fair value through profit or loss held for trading HK$'000	Loans and receivables HK$'000	Total HK$'000
Trading securities	–	153,152	–	153,152
Available-for-sale investments	501,597	–	–	501,597
Financial assets included in trade and other receivables	–	–	75,871	75,871
Loan receivables	–	–	275,000	275,000
Fixed deposits	–	–	11,658	11,658
Cash and bank balances	–	–	143,597	143,597
	501,597	153,152	506,126	1,160,875

Financial liabilities

	Financial liabilities at amortised cost HK$'000	Total HK$'000
Financial liabilities included in trade and other payables	16,247	16,247
Interest-bearing bank borrowings	10,148	10,148
Unconvertible bonds	20,000	20,000
	46,395	46,395

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

39. COMPANY – LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment		**21**	524
Investment in subsidiaries	18	**723,499**	788,591
Available-for-sale investments		**48,144**	501,597
		771,664	1,290,712
Current assets			
Deposits and prepayments		**795**	665
Other receivables		**22**	22
Trading securities		**332**	163
Tax recoverable		**809**	–
Cash and cash equivalents		**13,276**	68,944
		15,234	69,794
Current liabilities			
Other payables and accruals		**8,089**	7,445
Amount due to a subsidiary		**35,000**	–
		43,089	7,445
Net current (liabilities)/assets		**(27,855)**	62,349
Total assets less current liabilities		**743,809**	1,353,061
Non-current liabilities			
Unconvertible bonds		**20,000**	20,000
		20,000	20,000
NET ASSETS		**723,809**	1,333,061
EQUITY			
Equity attributable to owners of the company			
Share capital	32	**48,576**	48,576
Reserves	34(a)	**675,233**	1,284,485
TOTAL EQUITY		**723,809**	1,333,061

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

40. LITIGATION

In 1998, the company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "Defendants") for breach of the placing and underwriting agreement dated 9 December 1997 in that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of HK$40 million being the economic loss suffered by the company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

41. RETIREMENT BENEFITS SCHEME

The group operates a Mandatory Provident Fund ("MPF") scheme for all Hong Kong eligible employees including executive directors. The assets of the MPF scheme are held separately from those of the group in funds under the control of trustees.

The retirement benefit cost for the MPF scheme charged to the consolidated statement of profit or loss represents contributions payable to the MPF scheme by the group at 5% specified in the rules of the MPF scheme.

Employees who are employed in the PRC are members of the state-sponsored pension scheme operated by the PRC government. The group is required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the group with respect to the pension scheme is to make the required contributions under the scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

42. BUSINESS COMBINATION

The net assets acquired in the transaction and the goodwill arising are as follows:

	(a) CPFM HK$'000	(b) CPS HK$'000	(c) GR Global HK$'000	Total HK$'000
Property, plant and equipment (note 16)	–	25	–	25
Intangible assets (note 19)	4,144	6,999	–	11,143
Trade and other receivables	76	714	74	864
Bank balances and cash	608	5,427	378	6,413
Trade and other payables	(72)	(1,596)	(208)	(1,876)
Deferred tax liabilities (note 30(b))	(683)	(1,155)	–	(1,838)
Total identified net assets	4,073	10,414	244	14,731
Goodwill arising on acquisition of subsidiaries (note 20)	2,550	2,198	721	5,469
Total Consideration	6,623	12,612	965	20,200
Consideration paid in the year ended 31 March 2017	6,623	12,612	965	20,200
Cash and cash equivalent balances acquired	(608)	(5,427)	(378)	(6,413)
Net cash outflow in the year ended 31 March 2017	6,015	7,185	587	13,787

a) C.P. FINANCIAL MANAGEMENT LIMITED

On 24 May 2016, a wholly-owned subsidiary of the group entered into a sale and purchase agreement with Mr. Lee Siu Kuen (vendor), an independent third party, for the acquisition of the 100% equity interests in C.P. Financial Management Limited ("CPFM") (Formerly known as Hong Kong Financial Management Limited), for a total consideration of HK$6,717,417. The consideration for the acquisition shall be satisfied in following manner:

i) HK$900,000, being the first deposit;

ii) HK$2,100,000, being the second deposit payable within one business day after signing of the agreement;

iii) HK$3,717,417, being the remaining balance payable upon completion of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

42. BUSINESS COMBINATION (Continued)

a) C.P. FINANCIAL MANAGEMENT LIMITED (Continued)

A variation order dated 15 November 2016 signed between the wholly-owned subsidiary and vendor to fix the final purchase price at HK$6,623,217. A shortfall of HK$94,200 existed and the vendor paid back to the company.

CPFM is principally engaged in provision of asset management services. The group takes the view that the steady growth of the needs and demands of the provision of such services, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 14 September 2016.

The following summarises the acquisition date fair value of the total consideration transferred:

	HK$'000
Cash	6,717
Variation of final purchase price	(94)
Total consideration	6,623

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilising the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, CPFM contributed revenue and loss of HK$158,000 and HK$1,561,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,498,000 and HK$39,822,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

42. BUSINESS COMBINATION (Continued)

b) C.P. SECURITIES INTERNATIONAL LIMITED

On 20 November 2015 and on 31 March 2016, a wholly-owned subsidiary of the group entered into a sale and purchase agreement and a supplemental sale and purchase agreement, respectively, to acquire 100% equity interests in C.P. Securities International Limited ("CPS") (Formerly known as J.A.F. Brokerage Limited), for a total consideration of HK$12,612,000. The consideration for the acquisition shall be satisfied in following manner:

i) HK$1,560,000, being the deposit;

ii) HK$11,052,000, being the remaining balance payable upon completion of the agreement.

CPS is principally engaged in brokerage services for securities dealing, placing and undertaking services and margin financing. The group takes the view that the steady growth of the needs and demands of the provision of such services, which provides a prime opportunity for the group to diversify its revenue stream which, in turn, would increase the shareholders' value and benefit the company and the shareholders as a whole. The acquisition was completed on 11 April 2016.

	HK$'000
Cash	12,612
Total consideration	12,612

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilising the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, CPS contributed revenue and loss of HK$4,921,000 and HK$1,597,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,459,000 and HK$39,906,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

42. BUSINESS COMBINATION (Continued)

c) GR GLOBAL LIMITED

On 23 September 2016, the company entered into a sale and purchase agreement with Mr. Lee Siu Kuen (vendor), an independent third party, for the acquisition of the 100% equity interests in GR Global Limited and its subsidiaries, HKFM Global Fund SPC and HKFM Investment Management Limited, collectively called GR Global Group ("GR Global"), for a total consideration of HK$965,000. The consideration for the acquisition shall be satisfied in following manner:

The following summarises the acquisition date fair value of the total consideration transferred:

i) HK$965,000, being the one-off consideration

	HK$'000
Total consideration paid	965
Total consideration paid	965

The goodwill is attributable to the future economic benefits from the acquisition which allowed the group to expand the sources of revenue from financial service sector by utilizing the management's network and potential customer base, integrated with the management's experience and expertise in the financial service sector. None of the goodwill recognised is expected to be deductible for income tax purposes.

Included in the consolidated statement of profit or loss, GR Global contributed revenue and loss of HK$NIL and HK$37,647,000, respectively, to the revenue and loss of the group for the year ended 31 March 2017.

Had the business combination been effected on 1 April 2016, the revenue of the group and loss for the year would have been approximately HK$63,345,000 and HK$39,898,000 respectively. The directors consider these "pro forma" information is for illustrative purposes only and is not necessary an indication of the revenue and results of operations of the group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the year ended 31 March 2018 and which have not been early adopted in these financial statements. These include the following which may be relevant to the group.

HKFRS 9	Financial instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
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 & HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 (Continued)

[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 for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

Further information about those HKFRSs that are expected to be applicable to the group is described below. Of those standards, HKFRS 9 and HKFRS 15 will be applicable for the group's financial year ending 31 March 2019 and are expected to have impact upon adoption. Whilst management has performed a detailed assessment of the estimated impacts of these standards, that assessment is based on the information currently available to the group. The actual impacts upon adoption could be different to those below, depending on additional reasonable and supportable information being made available to the group at the time of applying the standards.

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

HKFRS 9 FINANCIAL INSTRUMENTS

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments 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 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 give rise on specified dates to cash flows 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 financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 (Continued)

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

Application of HKFRS 9 in the future will have an impact to the group as the expected credit loss model will result in early provision of credit losses which are not yet incurred in relation to the group's financial assets measured at amortised cost. However, the directors of the company consider the impact of early provision of credit losses (if any in future) will not be significantly affecting the financial performance and financial position of the group based on analysis of the group's existing business model.

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 was issued which 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, the standard 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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors anticipate that the application of HKFRS 15 in the future may have impact on the amounts reported and disclosures made in the group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS15 until the group completed the detailed review.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2018

43. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2018 (Continued)

HKFRS 16 LEASES

As disclosed in note 2(i), currently the group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. As disclosed in note 36, at 31 March 2018 the group's future minimum lease payments under non-cancellable operating leases amount to HK$14,511,000, which is payable between 1 and 5 years after the reporting date. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

At this stage, the group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	Year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Continuing operations:					
Revenue	**61,760**	63,345	15,094	11,357	5,791
(Loss)/profit before taxation	**(567,123)**	(33,962)	(101,566)	12,597	(57,829)
Income tax credit (expenses)	**(2,333)**	(5,772)	5,021	(8,936)	413
(Loss)/profit for the year from continuing operations	**(569,456)**	(39,734)	(96,545)	3,661	(57,416)
Discontinued operations:					
Profit/(loss) for the year from discontinued operations	**–**	23,150	(15,092)	(32,046)	(107,640)
Loss for the year	**(569,456)**	(16,584)	(111,637)	(28,385)	(165,056)

ASSETS AND LIABILITIES

	As at 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**883,174**	1,447,424	914,155	623,388	538,492
Total liabilities	**(100,655)**	(67,872)	(91,234)	(124,545)	(118,538)
Net assets	**782,519**	1,379,552	822,921	498,843	419,954

PROPERTIES HELD BY THE GROUP FOR INVESTMENT

As at 31 March 2018

	Location	Existing Use	Term of Lease
1.	Unit Nos. 201 and 202 on Mezzanine Level, Yun Hai Building, Nos. 1329 and 1331 Huai Hai Zhong Road, Xuhui District, Shanghai, The PRC.	Commercial	Medium term
2.	Whole of Levels 1 and 2, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term
3.	Whole of Levels 3 and 4, Shimei Mansion, No.445 Jiangning Road, Jingan District, Shanghai, The PRC.	Commercial	Medium term