中國富強金融集團

CHINA FORTUNE FINANCIAL GROUP

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 290)

ANNUAL REPORT 2018

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. XIE Zhichun *(Chairman)*
Mr. HUA Yang
Mr. HAN Hanting
Mr. LIU Yinan

Non-Executive Directors

Mr. CHEN Zhiwei *(appointed on 17 April 2018)*
Mr. WU Ling
Mr. TANG Baoqi *(resigned on 17 April 2018)*

Independent Non-Executive Directors

Mr. CHAN Kin Sang
Mr. NG Kay Kwok
Mr. CHIU Kung Chik
Mr. LI Gaofeng

COMPANY SECRETARY

Ms. WONG Miu Ying Vivian

AUTHORISED REPRESENTATIVES

Mr. LIU Yinan
Ms. WONG Miu Ying Vivian

AUDIT COMMITTEE

Mr. NG Kay Kwok *(Chairman)*
Mr. CHAN Kin Sang
Mr. CHIU Kung Chik
Mr. LI Gaofeng

REMUNERATION COMMITTEE

Mr. CHIU Kung Chik *(Chairman)*
Mr. XIE Zhichun
Mr. HUA Yang
Mr. NG Kay Kwok
Mr. LI Gaofeng

NOMINATION COMMITTEE

Mr. XIE Zhichun *(Chairman)*
Mr. HAN Hanting
Mr. NG Kay Kwok
Mr. CHIU Kung Chik
Mr. LI Gaofeng

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants

REGISTERED OFFICE

P.O. Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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183 Queen's Road Central
Hong Kong
Tel: (852) 3105 1863 / 3103 2007
Fax: (852) 3105 1862

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
China Everbright Bank Co., Ltd., Hong Kong Branch
China Minsheng Banking Corp., Ltd., Hong Kong Branch
Chong Hing Bank Limited
The Bank of East Asia, Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP PARTNERS (CAYMAN) LIMITED
Royal Bank House — 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

290

WEBSITE

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Chairman's Statement

On behalf of the board (the "**Board**") of directors (each a "**Director**") of China Fortune Financial Group Limited ("**China Fortune**" or the "**Company**", together with its subsidiaries collectively referred to as the "**Group**"), I hereby present the overall performance of the Group for the year ended 31 March 2018.

In 2017, the global capital market remained active and Hong Kong continued to outperform multiple markets as Asia's financial centre. The year also saw the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") changed its Listing Rules by allowing companies with dual-class share structures and qualifying pre-revenue biotech companies to list in Hong Kong, which has greatly boosted the competitive edge of the Hong Kong market and made it a favoured initial public offering ("**IPO**") venue for mainland companies.

In 2017, China Fortune made great efforts to develop the investment banking business by appropriately adjusting its priorities and seizing a rare historic opportunity in the Hong Kong market based on sober weighing of the market conditions within the framework of its development strategy formulated in 2016. As the investment banking business expanded, the Group's total assets reached approximately HK$1,353,930 thousand (up 37% year-on-year) as at 31 March 2018, with its total revenue for the year reaching approximately HK$94,042 thousand (up approximately 89% year-on-year) and total losses standing at approximately HK$65,450 thousand (down approximately 11% year-on-year after deduction of approximately HK$104,564 thousand in non-recurring income for the year ended 31 March 2017). For the year ended 31 March 2018, the Group achieved a "zero to one" breakthrough in its underwriting and sponsoring business which has been preliminarily established as a professional and efficient brand in the market: For the year ended 31 March 2018, Fortune Financial Capital Limited ("**Fortune Financial Capital**"), a wholly-owned subsidiary of the Company, completed four IPO projects as sole sponsor, and served 12 customers as their financial advisor by completing a series of work including takeover bid, transfer of listing from GEM, and compliance advisory. In addition, Fortune (HK) Securities Limited ("**Fortune Securities**"), a wholly-owned subsidiary of the Company, was active in IPO projects and served as sole global coordinator of one project, joint global coordinator of two projects, and joint bookrunner of five projects. As of the date of this annual report, Fortune Financial Capital has submitted five IPO applications to the Stock Exchange as sole sponsor, while the Group has a strong pipeline of multiple high-quality sponsoring and underwriting projects.

The year 2017 was a brand-new year for China Fortune. At the beginning of 2018, Mr. Hua Yang was appointed as Chief Executive Officer ("**CEO**") of the Company. Mr. Hua has over 20 years of experience in fields including securities, insurance, asset management and private equity investment, having served as principal roles in mainland banking, securities and insurance institutions. Mr. Hua was also re-designated as an executive director of the Company. His appointment was highly endorsed and strongly supported by the Board and shareholders of the Company (the "**Shareholders**"). In addition to appointing a new CEO, the Group has expanded its investment banking team, and established a Team responsible for business development in the mainland. With the enlargement of workforce, there has been a significant improvement in the Group's expertise, experience, and pace of expansion. Most team members are from prestigious universities in China and overseas , including Peking University, Tsinghua University, Duke University, The University of Hong Kong, etc., and internationally renowned financial institutions, the Big Four accounting firms, and Fortune Global 500 multinationals, including JPMorgan Chase, CDH Investment, CITIC Securities, KPMG, China Investment Corporation, CICC, GF Securities, Bosera Asset Management, Ernst & Young, Huawei, Huatai Securities, Everbright Securities, etc., most with a master's degree or higher, and with multiple members holding CFA, CPA or practicing lawyer certifications respectively.

With the fresh blood into the Group and based on prudent consideration and thorough research of the market, as well as the Group's financial position, the Group decided with the approval of the Board to change its principal place of business to the Central and Western District. The new workplace has significantly improved the Company's image. With a new management, a new team and new workplace, the Group has entered a new historical period after its share capital reorganisation.

The year 2017 was also a year of adjustment for China Fortune. On the basis of what was done in 2016, the Group continued to implement a series of cost control measures including reducing non-operating expenses to make expenditure business-oriented and cost structure optimized. While achieving business breakthroughs and an increasingly sound organisational structure and cost structure, we must recognize the need to capture business opportunities and make sure that various financial business licenses achieve their full-fledged synergistic effect amid volatile global macro economical environment and fierce competition in the capital market, in order to accelerate growth, achieve a turnaround from loss, and generate solid returns and income for our investors and Shareholders. For the year ended 31 March 2018, the Group registered a total revenue of approximately HK$94,042,000 (2017: approximately HK$49,880,000) and net losses of approximately HK$65,450,000 (2017: HK$30,907,000 in net profit), with the losses being reduced by approximately HK$8,207,000 from the previous year after deduction of extraordinary income.

At any rate, the Group would not have come so far to achieve what it has achieved without the strong support and concern from investors and the Shareholders, the Board, the management and the entire staff, to whom I would like to extend my sincerest and deepest gratitude.

Going forward, the Group will continue to implement its development strategy with the focus on the mainland and Hong Kong financial markets with a view to seize the development opportunity of mainland-Hong Kong stock connect trading and the historic window of opportunity in the Hong Kong market in adherence to the principle of innovation and compliance to steadily strengthen its business highlights, optimize its revenue and cost structures and integrate resources, thereby building China Fortune into a financial holding platform that is truly rich and strong.

XIE Zhichun
Chairman

Hong Kong, 29 June 2018

Management Discussion and Analysis

RESULTS

For the year ended 31 March 2018 (the "**Reporting Year**"), revenue of the Group amounted to approximately HK$94,042,000, representing an increase of approximately 88.54% from approximately HK$49,880,000 for the year ended 31 March 2017.

The Group recorded a loss of approximately HK$65,450,000 for the year ended 31 March 2018, as compared with the profit of approximately HK$30,907,000 for the corresponding period in 2017. Net loss attributable to owners of the Company amounted to approximately HK$65,450,000 for the Reporting Year, representing a reduction of approximately 311.76% comparing with the profit of approximately HK$30,907,000 for the corresponding period in 2017. The overall performance from net profit to net loss attributable to owners of the Company was mainly due to extraordinary income recorded in the year ended 31 March 2017 (1) the disposal of shares and benefits related to shareholders loan of Measure Up International Limited; and (2) realised gain in fair value of derivative component of convertible bonds.

The basic and diluted loss per share of the Company for the Reporting Year was approximately HK0.95 cents as compared with the basic and diluted earnings per share of approximately HK0.85 cents and HK0.84 cents respectively for the corresponding period in 2017.

BUSINESS REVIEW

Brokerage and margin financing

The business of brokerage and margin financing is one of the main revenue streams of the Group. During the Reporting Year, the business of brokerage and margin financing recorded a revenue of approximately HK$47,952,000, representing an increase of approximately 112.52% as compared to the revenue of approximately HK$22,564,000 for the corresponding period in 2017.

The segment profit for the year ended 31 March 2018 amounted to approximately HK$29,435,000 (2017: approximately HK$9,815,000), representing a significant improvement in profit of approximately 199.90% as compared with the corresponding period in 2017.

The Group's strategy is to focus and strengthen existing securities operation and work in close collaboration with our corporate finance business as well as wealth management business, in order to provide a one-stop integrated financial services to better serve our institutional and high networth individual clients.

Proprietary trading

During the Reporting Year, all securities traded were shares listed on the Stock Exchange. The proprietary trading segment recorded a revenue of approximately HK$1,223,000 (2017: approximately HK$4,213,000) and recorded a segment loss of approximately HK$7,440,000 (2017: gain of approximately HK$10,295,000). The respective segment loss was due to fair value change of the securities held for trading by the Group.

Corporate finance

The corporate finance market was under a keen competition during the Reporting Year. Segment revenue from corporate finance business significantly increased by approximately 156.79% from approximately HK$13,271,000 to approximately HK$34,079,000 while the segment profit for the year ended 31 March 2018 amounted to approximately HK$12,369,000 (2017: loss of approximately HK$11,053,000), representing a significant improvement in profit of approximately HK$23,422,000, turning the segment from loss making to profit generating position, as compared with the corresponding period in 2017.

Money lending and factoring

During the Reporting Year, the money lending market was under intensive competition locally. The Group recorded an interest income from money lending of approximately HK$9,368,000 (2017: interest income from money lending and factoring of approximately HK$7,718,000), representing an increase of approximately 21.38% as compared with the corresponding period in 2017.

Consultancy and insurance brokerage

During the Reporting Year, the Group recorded a segment revenue from other business operations in providing other consultancy services and insurance brokerage services of approximately HK$1,970,000 (2017: approximately HK$7,906,000), representing a decrease of approximately 75.08% as compared with the corresponding period in 2017.

ISSUE OF CONVERTIBLE BONDS

On 22 November 2016, the Company (as the issuer) entered into three convertible bonds subscription agreements (the "**Cinda Subscription Agreement**", "**PAL Supplemental Agreement**" and "**Riverhead Capital Subscription Agreement**") with three subscribers in an aggregate principal amount of HK$570,000,000.

(i) The Company entered into a Cinda Subscription Agreement with Mankind Investment Limited (the "**Mankind**"), pursuant to the Cinda Subscription Agreement, Mankind agreed to subscribe to the convertible bonds in the principal amount of HK$110,754,000 (the "**Convertible Bonds to Mankind**").

(ii) On 21 September 2016, the Company entered into a PAL subscription agreement with Pacific Alliance Limited (the "**PAL**"), and subsequently the Company entered into PAL Supplemental Agreement on 22 November 2016. Pursuant to the PAL Supplemental Agreement, PAL agreed to subscribe to the convertible bonds in the principal amount of HK$153,585,000 (the "**Convertible Bonds to PAL**"). On 8 January 2018, PAL sold the Convertible Bonds to PAL to Value Convergence Holdings Limited.

(iii) The Company entered into a Riverhead Capital Subscription Agreement with Riverhead Capital (International) Management Co., Limited ("**Riverhead Capital**"), pursuant to the Riverhead Capital Subscription Agreement, Riverhead Capital agreed to subscribe to the convertible bonds for the aggregate principal amount of HK$305,661,000 (the "**Convertible Bonds to Riverhead Capital**") in 4 tranches.

Completion of subscriptions (i), (ii) and tranche 1 of subscription (iii) took place on 30 March 2017. The convertible bonds to Mankind, PAL and Riverhead Capital are all bear an interest rate of 2% and mature on the third (3rd) anniversary of the date of issue of the convertible bonds with both dates inclusive at the conversion price of HK$0.06 per conversion share. Upon full conversion of the convertible bonds to all subscribers at the conversion price of HK$0.06, a total number of 6,500,000,000 conversion shares will be issued, subject to adjustments to the conversion price of HK$0.06.

The net proceeds raised through the issue of the three convertible bonds are approximately HK$385,000,000, in which i) approximately HK$180,000,000 will be used for the injection of capital to a wholly-owned subsidiary of the Company and expanding its margin financing and underwriting business; ii) approximately HK$150,000,000 for expanding its money lending business; iii) approximately HK$12,000,000 for engaging in private equity investments; iv) approximately HK$9,000,000 for strengthening the capital base of its subsidiaries and v) the remaining balance of approximately HK$34,000,000 for the general working capital of the Group.

The Convertible Bonds to Mankind was exercised in approximately 51.74% of original principal amount, which was equivalent to the amount of HK$57,300,000 at the conversion price of HK$0.06 on 27 April 2017. After completion of conversion, the number of 955,000,000 shares was being issued on 28 April 2017. Furthermore, the tranche 1 of the Convertible Bonds to Riverhead Capital was also exercised in full in the principal amount of HK$125,661,000 at the conversion price of HK$0.06 on 27 April 2017. After the completion of conversion, the number of 2,094,350,000 shares was being issued on 28 April 2017.

Following the exercise of tranche 1 of the Convertible Bonds to Riverhead Capital, completion of subscription of tranche 2 took place on 28 June 2017. The net proceeds raised through the issue of tranche 2 of the Convertible Bonds to Riverhead Capital are HK$60,000,000, in which approximately HK$50,000,000 will be used for further expanding its margin financing business and approximately HK$10,000,000 for its underwriting business.

For details of the Cinda Subscription Agreement, PAL subscription/Supplemental Agreement and Riverhead Capital Subscription Agreement and the relevant transactions, please refer to the announcements of the Company dated 21 September 2016, 22 November 2016, 30 March 2017 and 28 April 2017.

OUTLOOK

The year 2018 is the first year after the 19th National Congress of the Communist Party of China ("**19 the National Congress CPC**"). With the conclusion of the March National People's Congress and Chinese People's Political Consultative Conference sessions ("**Lianghui**"), adjustments to government leadership line-ups and functions have gradually settled down, and the expectations of various policy initiatives have become more anchored as well. In spite of inevitable throes from overcapacity slashing and de-leveraging, we believe that the fundamentals of the Chinese market will continue to improve, and the Hong Kong market, in particular, will benefit from a series of favourable factors including the increasing demand from mainland enterprises and residents for overseas asset allocation, accelerated development of the Guangdong-Hong Kong-Macao Bay Area, and the implementation of relevant "Belt and Road" projects.

China Fortune, in its ongoing transformation, will continue to leverage its financial business licenses and strictly implement its strict and effective risk control system to provide customers with long-term, high-quality "one-stop" services and create more value for shareholders and investors and a better future for the entire staff!

CAPITAL STRUCTURE

As at 31 March 2018, the nominal value of the total issued share capital of the Company was approximately HK$70,861,000 comprising 7,086,078,859 shares of the Company of HK$0.01 each (the "**Shares**").

The Group actively and regularly reviews and manages its capital structure and makes adjustments to the capital structure in light of changes in economic conditions. For the licensed subsidiaries of the Group, the Group ensures each of them maintains a liquid capital level that is adequate to support the level of activities with a sufficient buffer to accommodate increases in liquidity requirements arising from potential increases in the level of business activities. During the period, all the licensed subsidiaries of the Group complied with the liquid capital requirements under the Hong Kong Securities and Futures (Financial Resources) Rules.

CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to Shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debt, which includes convertible bonds, corporate bonds, loan, cash and cash equivalents and equity attributable to owners of the Company, which comprises issued share capital and reserves.

The Directors review the capital structure regularly. As part of the review, the Directors consider the cost of capital and the risks associated with each class of capital, and take appropriate actions to adjust the Group's capital structure. The overall strategy of the Group remains unchanged during the years ended 31 March 2018 and 2017.

For certain subsidiaries of the Group, they are regulated by the Securities and Futures Commission (the "**SFC**") of Hong Kong and are required to comply with certain minimum capital requirements according to the rules of SFC. Our management monitors, on a daily basis, the subsidiaries' liquid capital level to ensure they meet with the minimum liquid capital requirement in accordance with the Hong Kong Securities and Futures (Financial Resources) Rules. The range of liquid capital is from HK$100,000 to HK$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

One of the subsidiaries of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK$100,000 at all times.

There is no non-compliance of the capital requirements of the Group members imposed by the respective regulators during the years ended 31 March 2018 and 2017.

LIQUIDITY AND FINANCIAL RESOURCES AND GEARING RATIO

During the Reporting Year, the Group mainly financed its operations by cash generated from operating activities, loans, and issuance of the convertible bonds.

As at 31 March 2018, the Group's current assets and current liabilities were approximately HK$1,221,418,000 (2017: approximately HK$882,604,000) and approximately HK$600,306,000 (2017: approximately HK$260,147,000) respectively, while the current ratio was about 2.03 times (2017: 3.39 times).

As at 31 March 2018, the Group's aggregate cash and cash equivalents amounted to approximately HK$480,823,000 (2017: approximately HK$471,990,000), of which approximately 95.57% was denominated in Hong Kong dollars ("**HK$**") (2017: approximately 98.09%), approximately 1.80% was denominated in United States dollars ("**USD**") (2017: approximately 1.47%), and approximately 2.63% was denominated in Renminbi ("**RMB**") (2017: approximately 0.44%), representing approximately 39.37% (2017: approximately 53.48%) of total current assets. As at 31 March 2018, the Group had bank loans with accrued interest in approximately HK$359,295,000 (2017: other loan of approximately HK$130,404,000).

During the Reporting Year, no financial instruments were used for hedging purposes. As at 31 March 2018, the gearing ratio, measured on the basis of total borrowings as a percentage of equity attributable to owners of the Company, was approximately 198.88% (2017: approximately 210.82%). The decrease in ratio was mainly due to conversion of convertible bonds during the Reporting Year. The debt ratio, defined as total debts over total assets, was approximately 72.25% (2017: approximately 71.92%).

During the year ended 31 March 2018, no additional corporate bond was issued. During the year ended 31 March 2017, the Group has issued 2 years to 7.5 years corporate bonds with aggregate face value of HK$47,000,000 to 16 independent third parties, net of direct expenses of approximately HK$6,769,000, their maturity dates are from May 2018 to April 2024 and carry interest at fixed rate of 6% to 6.5% per annum with interest payable on the date falling on each anniversary of the issue date and maturity date of the corporate bonds (both dates exclusive). The corporate bonds are unsecured.

SIGNIFICANT INVESTMENT

As at 31 March 2018, the Group held financial assets at fair value through profit or loss of approximately HK$112,856,000 (2017: approximately HK$109,298,000), with unrealised loss at approximately HK$9,789,000 (2017: unrealised gain at approximately HK$5,562,000). The financial assets were traded by the Group and realised a net gain of approximately HK$1,751,000 (2017: approximately HK$4,912,000) during the year ended 31 March 2018.

CONTINGENT LIABILITIES

As at 31 March 2018, the Group has no material contingent liabilities (2017: nil).

CHARGE ON THE GROUP'S ASSETS

No asset of the Group was subject to any charge as at 31 March 2018 (2017: nil).

RISK MANAGEMENT

The Group has properly put in place credit management policies which cover the examination of the approval of client's trading and credit limits, regular review of facilities granted, monitoring of credit exposures and the follow up of credit risks associated with overdue debts. The policies are reviewed and updated regularly.

FOREIGN CURRENCY FLUCTUATION

During the Reporting Year, the Group mainly used Hong Kong dollars in its business transactions. The Board considers that the Group's foreign currency exposure is insignificant.

HUMAN RESOURCES

As at 31 March 2018, the Group had 86 employees in total (2017: 72 employees). The related employees' costs for the Reporting Year (excluding Directors' remunerations) amounted to approximately HK$45,908,000 (2017: approximately HK$43,238,000). The Group remunerated employees based on the industry practice and individual's performance. Staff benefits include contributions to retirement benefit scheme, medical allowance and other fringe benefits. In addition, the Group maintains the share option scheme for the purpose of providing incentives and rewards to eligible participants based on their contributions. For details of the share option scheme, please refer to the section headed "Share Option Scheme" in the Directors' Report of this annual report.

Biographical Details of Directors

EXECUTIVE DIRECTOR

MR. XIE ZHICHUN

Mr. XIE Zhichun, aged 60, was appointed as an executive Director, Chairman of the Board and a member of the Remuneration Committee of the Company ("**Remuneration Committee**") in January 2017. He was further appointed as the chairman of the Nomination Committee of the Company ("**Nomination Committee**") in March 2017. Mr. Xie graduated from Heilongjiang University in 1982 with a bachelor's degree in philosophy. He then further studied and obtained a master's degree in economics from Harbin Institute of Technology in 1993 and a doctorate in economics from Nankai University in 2004.

Mr. Xie has extensive experience in banking, securities and investment fields. He is currently the vice chairman of the consultation committee of Shenzhen Qianhai Shekou Free Trade Zone and Qianhai Shenzhen Hong Kong Cooperation Zone. He is also a professor of China Center for Special Economic Zone Research of Shenzhen University and a postgraduate supervisor of PBC School of Finance of Tsinghua University. Mr. Xie is currently a non-executive director of China Smartpay Group Holdings Limited (listed on the GEM of the Stock Exchange) and an independent non-executive director of China Taiping Insurance Holdings Company Limited and China Minsheng Banking Corp., Ltd. (both are listed on the main board of the Stock Exchange).

Mr. Xie has held various key positions in certain banks, securities firms and insurance companies in the People's Republic of China (the "**PRC**") and listed companies in Singapore, and has extensive experience in management of financial institutions. Mr. Xie was a non-executive director of Elife Holdings Limited (listed on the main board of the Stock Exchange) from November 2016 to July 2017. He was a deputy general manager of China Investment Corporation ("**CIC**") (中國投資有限責任公司) and an executive director and general manager of Central Huijin Investment Ltd. (中央滙金投資有限責任公司), a subsidiary of CIC which makes equity investment in key state-owned financial institutions in the PRC, from 2014 to 2015. From 2008 to 2014, Mr. Xie was an executive director and deputy general manager of China Everbright Group Limited (中國光大集團總公司) and the chairman of Sun Life Everbright Life Insurance Co., Ltd. (光大永明人壽保險有限公司) and Sun Life Everbright Asset Management Co., Ltd. (光大永明資產管理股份有限公司). From 2006 to 2008, he was the vice president and director of reorganisation and listing office of China Everbright Bank Company Limited. From 2001 to 2006, Mr. Xie was a director and chief executive officer of Everbright Securities Company Limited, an executive director of China Everbright Group and China Everbright Limited (listed on the main board of the Stock Exchange), a vice chairman (unattending) of China Enterprises Association (Singapore), a director of Shenyin & Wanguo Securities Co., Ltd. and Everbright Pramerica Fund Management Co., Ltd. and a vice chairman (unattending) of Securities Association of China.

From 1997 to 2001, he acted as an executive director and president of China Everbright Asia-Pacific Company Limited (delisted from the Singapore Exchange Securities Trading Limited ("**Singapore Exchange**") in May 2016), a director of Shenyin & Wanguo Securities Co., Ltd., the chairman of China Everbright Asia-Pacific (New Zealand) Company and China Everbright (South Africa) Company, a director of China Everbright Asia-Pacific Industrial Investment Fund Management Company (中國光大亞太工業投資基金管理公司) and Thailand Sunflower Company (泰國向日葵公司). From 1992 to 1999, Mr. Xie was a director and vice president of Everbright Securities Company Limited, a director of China Everbright Financial Holding Company (Hong Kong) (中國光大金融控股公司（香港）), a general manager of northern head office of Everbright Securities Company Limited, a deputy director of preparation team and deputy president of China Everbright Bank, Dalian Branch and the general manager of the international business department of China Everbright Bank, Heilongjiang Branch.

MR. HUA YANG

Mr. HUA Yang, aged 42, was appointed as a non-executive Director and a member of the Remuneration Committee in October 2017. He was re-designated as an executive Director and the Chief Executive Officer of the Company in March 2018. Mr. Hua graduated from Beijing Forestry University with a bachelor's degree in Economics in 1997. He further obtained a master's degree in Business Administration (EMBA) from Cheung Kong Graduate School of Business in 2005.

Mr. Hua has extensive experience across many financial service sectors, including securities, insurance, assets management and equity investment. He is the co-founder and the general manager of Source Capital Management Co., Ltd., the first insurance-company-backed private equity investment fund approved by the China Insurance Regulatory Commission.

Mr. Hua was the general manager of Sun Life Everbright Asset Management Co., Ltd. from 2012 to 2015. In addition, he had held various senior positions with the insurance and securities companies and had completed various initial public offering projects and share placing projects, as well as corporate bonds issuance for a number of companies, etc.

MR. HAN HANTING

Mr. HAN Hanting, aged 33, was appointed as an executive Director and a member of the Nomination Committee in October 2017. Mr. Han joined the Company in 2015 and was promoted to the Chief Operating Officer of the Company in November 2016. He is also a director of certain subsidiaries of the Group. Mr. Han was an investment manager of a wholly-owned subsidiary of the Group during the period from 2009 to 2013. Mr. Han obtained a bachelor's degree from University of Warwick majoring in Mathematics, Operational Research, Statistics and Economics in 2006.

Prior to joining the Group, Mr. Han had worked as a researcher in CCB International Securities Limited. During the period from May 2013 to May 2016, he was an executive director of Momentum Financial Holdings Limited (formerly known as Infinity Financial Group (Holdings) Limited, a company listed on the main board of the Stock Exchange). Mr. Han has more than 10 years of experience in investment banking industry and had successfully led merger and acquisition projects for a number of Hong Kong listed companies.

MR. LIU YINAN

Mr. LIU Yinan, aged 40, was appointed as an executive Director in June 2017. He is also a director of certain subsidiaries of the Group. Mr. Liu graduated from the Northeastern University with a bachelor's degree in Computer Science and Technology in 2000. He further obtained a doctor's degree in Computer Engineering from the University of Rhode Island in 2006. Mr. Liu is a senior engineer in the PRC.

Prior to joining the Company, Mr. Liu had held various senior positions with certain PRC companies. He was the president of China Forestry Exchange during the period from June 2014 to January 2016, and was a director and vice president of a conglomerate in the PRC during the period from June 2008 to February 2014. Mr. Liu has extensive experience in corporate strategies and development planning, operation and human resources management, as well as corporate finance and mergers and acquisitions.

NON-EXECUTIVE DIRECTOR

MR. CHEN ZHIWEI

Mr. CHEN Zhiwei, aged 34, was appointed as a non-executive Director in April 2018. Mr. Chen graduated from Tsinghua University with a bachelor's degree in Economics in 2004. He then further studied at the National University of Singapore and obtained a master's degree in Science (Estate Management) in 2009.

Mr. Chen has over 10 years of investment and research experience in the finance industry. He joined China Cinda (HK) Holdings Company Limited ("**Cinda (HK)**") in 2010 and is currently the assistant general manager of Cinda (HK) and the managing director of its investment department, responsible for managing the investment and financing businesses of Cinda (HK). He is also a non-executive director of Modern Land (China) Co., Limited (listed on the main board of the Stock Exchange) and SouthGobi Resources Ltd. (listed on both the main board of the Stock Exchange and the Toronto Stock Exchange).

Mr. Chen was the executive assistant to the chairman of TIG Group in Singapore between 2007 and 2010, responsible for TIG Group's private equity investment business in the Greater China region. He was a research scholar at the National University of Singapore during 2005 and 2007.

According to the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance ("**SFO**", Chapter 571 of the Laws of Hong Kong), Mankind is interested in 1,416,430,000 Shares and 890,900,000 underlying shares of the Company and is wholly-owned by China Cinda (HK) Asset Management Co., Limited ("**CCAM**"). CCAM is in turn wholly-owned by Cinda (HK). Cinda (HK) is in turn wholly-owned by China Cinda Asset Management Co., Limited ("**China Cinda**", a company listed on the main board of the Stock Exchange). As such, each of CCAM, Cinda (HK) and China Cinda are deemed to be interested in the aforesaid Shares and underlying shares of the Company held by Mankind as at the date of this annual report.

MR. WU LING

Mr. WU Ling, aged 64, was appointed as a non-executive Director in December 2011. Mr. Wu holds a bachelor's degree in Economics from Zhongnan University of Economics and Law. He is a senior economist and has over 20 years of experience in the area of banking and financial services related business in the PRC. Mr. Wu was an executive director and vice chairman of Cinda (HK).

INDEPENDENT NON-EXECUTIVE DIRECTOR

MR. CHAN KIN SANG

Mr. CHAN Kin Sang, aged 66, was appointed as an independent non-executive Director in July 2014. He is also a member of the Audit Committee of the Company ("**Audit Committee**"). Mr. Chan is currently a senior partner of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries (a law firm which provides various services including corporate matters and litigations). Mr. Chan obtained a bachelor's degree in Laws from the University of Hong Kong in 1979 and a postgraduate certificate in Laws from the University of Hong Kong in 1980. He has been a practising solicitor in Hong Kong since April 1982 and has been admitted as a Notary Public since April 1997 and a China-appointed Attesting Officer since January 2000. Mr. Chan has also been a Fellow of The Hong Kong Institute of Directors since August 2004 and a chairman of the Appeal Tribunal (Buildings Ordinance Cap.123) since February 2007.

Mr. Chan is currently an independent non-executive director of Pak Tak International Limited and Tianhe Chemicals Group Limited (both are listed on the main board of the Stock Exchange); a director of Guanghe Landscape Culture Communication Co., Ltd., Shanxi (listed on the Shanghai Stock Exchange); an independent non-executive director of Luxking Group Holdings Limited and a non-executive director of Pan Hong Holdings Group Limited (both are listed on the Singapore Exchange).

Over the past three years, Mr. Chan was a non-executive director of China Healthcare Enterprise Group Limited from October 2016 to July 2017 and Combest Holdings Limited from June 2011 to January 2017 (companies listed on the main board and the GEM of the Stock Exchange respectively); an independent non-executive director of China Taifeng Beddings Holdings Limited from November 2009 to September 2017, CEFC Hong Kong Financial Investment Company Limited (formerly known as Runway Global Holdings Company Limited) from October 2015 to December 2016 and Munsun Capital Group Limited from June 2004 to October 2016 (all of which are listed on the main board of the Stock Exchange); and an independent non-executive director of Tianjin TEDA Biomedical Engineering Company Limited from May 2013 to December 2016 (listed on the GEM of the Stock Exchange).

MR. NG KAY KWOK

Mr. NG Kay Kwok, aged 56, was appointed as an independent non-executive Director in September 2007. He is also the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. Mr. Ng graduated from the Australian National University with a bachelor's degree in Economics and obtained a graduate diploma in Accounting from Macquarie University. He is a member of CPA Australia and has extensive experience in accounting and financial management. Mr. Ng is an independent non-executive director of Merdeka Financial Services Group Limited (listed on the GEM of the Stock Exchange).

Biographical Details of Directors (Continued)

MR. CHIU KUNG CHIK

Mr. CHIU Kung Chik, aged 33, was appointed as an independent non-executive Director in March 2017. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Mr. Chiu graduated from the University of Chicago with a bachelor's degree in Economics. He has extensive experience and knowledge in investment banking, capital financing, corporate restructuring, merger and acquisition, complex transaction structuring, etc. Mr. Chiu currently serves as an independent non-executive director of Beijing Enterprises Clean Energy Group Limited (listed on the main board of the Stock Exchange).

From 2008 to 2015, Mr. Chiu worked with UBS AG in the investment banking department in its Hong Kong office, primarily focusing on advising large scale corporate clients on their capital market activities. During the aforesaid period, he had completed a number of high-profile capital market transactions, merger and acquisition transactions as well as debt financing transactions.

MR. LI GAOFENG

Mr. LI Gaofeng, aged 44, was appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee in October 2017. Mr. Li graduated from Henan Institute of Finance and Economics with a bachelor's degree in Economics majoring in Investment Management in 1995. He further obtained a master's degree in Economics majoring in International Finance from Tianjin University of Finance and Economics in 1998. Mr. Li is a non-practicing member of the Chinese Institute of Certified Public Accountants.

Mr. Li has worked in the insurance and securities sectors for many years and has rich experience in finance, investment and investor relations. He held senior management positions with the financial institutes such as insurance companies, securities companies and mutual funds in the PRC.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 60 of this annual report.

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

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Group during the Reporting Year are set out in note 15 to the consolidated financial statements.

SHARE CAPITAL AND CONVERTIBLE BONDS

Details of movements in the share capital and convertible bonds of the Company during the Reporting Year are set out in notes 29 and 27 to the consolidated financial statements respectively.

RESERVES

Movements in the reserves of the Group during the Reporting Year are set out in the consolidated statement of changes in equity on page 63 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 March 2018 and 31 March 2017, the Company had no reserves available for distributions.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited consolidated financial statements and reclassified as appropriate, is set out on page 144 of this annual report. This summary does not form part of the audited consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2018 is set out in the section headed "Management Discussion and Analysis" on pages 6 to 11 of this annual report. These discussions form part of this Directors' Report.

Compliance with Relevant Laws and Regulations

During the year ended 31 March 2018, as far as the Board and the management are aware, there was no breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

Relationship with Employees, Customers and Suppliers

The Group understands the importance of maintaining a good relationship with its employees and customers to meet its immediate and long-term business goals. During the year ended 31 March 2018, there was no material and significant dispute between the Group and its employees and customers.

Environmental Policies and Performance

The Group is committed to operate in compliance with the applicable environmental laws as well as to protect the environment by minimizing the negative impact of the Group's existing business activities on the environment.

SHARE OPTION SCHEME

The Company's original share option scheme was adopted on 12 February 2003 (the "**2003 Scheme**"), which was early terminated and replaced by a new share option scheme approved by the Shareholders on 19 August 2011 (the "**2012 Scheme**"). A summary of the 2012 Scheme is set out below:

1. Purpose	:	To provide incentives and rewards to the eligible participants who contribute to the success of the Group's operations.
2. Participants	:	Eligible participants include any employee (including Directors), any business associate, any person or entity that provides research, development or other technological support to the Group or any invested entity, and any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or an invested entity.
3. Total number of shares available for issue under the 2012 Scheme and the percentage of the issued shares that it represents as at the date of this annual report	:	The maximum number of Shares which could be issued under the 2012 Scheme was 307,408,566 Shares, representing 10% of the Shares in issue as at the date of adoption of the 2012 Scheme. The total number of Shares available for issue under the 2012 Scheme as at the date of this annual report was 307,408,566 Shares, representing approximately 4.34% of the Shares in issue as at the date of this annual report.

4. Maximum entitlement of each participant	:	Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the share options granted to any grantee (including both exercised and outstanding share options) in any 12-month period up to the date of grant shall not exceed 1% of the Shares then in issue. For any grant of share options to a substantial Shareholder or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all share options already granted or to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period exceed 0.1% of the Shares then in issue and with an aggregate value in excess of HK$5 million, the proposed grant is also subject to the approval by the Shareholders.
5. Period within which the shares must be taken up under an option	:	The period during which the share option may be exercised is determined by the Board at its absolute discretion, save that no share option may be exercised more than 10 years after it has been granted.
6. Minimum period for which an option must be held before it can be exercised	:	As determined by the Board.
7. Amount payable on acceptance of the option and the period within which payments shall be made	:	HK$1 is payable by the grantee to the Company upon acceptance of the share option which must be accepted within 28 days from the date of offer.
8. Basis of determining the exercise price	:	The subscription price shall be determined solely by the Directors, which shall not be less than the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 trading days immediately preceding the date of grant of the share option; and (iii) the nominal value of a Share on the date of grant of the share option.
9. Remaining life of the 2012 Scheme	:	The 2012 Scheme shall be valid and effective for a period of 10 years from its adoption date until 18 August 2021, subject to the early termination provisions contained therein.

No share option was granted, exercised, lapsed or cancelled during the year ended 31 March 2018 under the 2012 Scheme.

As at 31 March 2018, the Company did not have any outstanding share options granted but yet to be exercised under the 2012 Scheme.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this Directors' Report were as follows:

Executive Directors

Mr. XIE Zhichun *(Chairman)*	
Mr. HUA Yang *(Chief Executive Officer)*	(appointed on 6 October 2017*)
Mr. HAN Hanting *(Chief Operating Officer)*	(appointed on 6 October 2017#)
Mr. LIU Yinan	(appointed on 21 June 2017)
Mr. HON Chun Yu	(resigned on 6 October 2017)
Ms. FU Wan Sheung	(resigned on 6 October 2017)

Non-executive Directors

Mr. CHEN Zhiwei	(appointed on 17 April 2018)
Mr. WU Ling	
Mr. TANG Baoqi	(resigned on 17 April 2018)

Independent non-executive Directors

Mr. CHAN Kin Sang	
Mr. NG Kay Kwok	
Mr. CHIU Kung Chik	
Mr. LI Gaofeng	(appointed on 6 October 2017)

* Mr. HUA Yang was appointed as a non-executive Director on 6 October 2017. He was re-designated to an executive Director and was appointed as the Chief Executive Officer of the Company on 5 March 2018.

Mr. HAN Hanting was appointed as the Chief Operating Officer of the Company on 11 November 2016. He was further appointed as an executive Director on 6 October 2017.

Pursuant to Article 99 of the articles of association of the Company (the "**Articles of Association**"), any Director appointed by the Board to fill a casual vacancy (or as an additional to the Board) shall hold office only until the next following general meeting (or annual general meeting) of the Company and shall then be eligible for re-election at that meeting.

Accordingly, Mr. HUA Yang, Mr. HAN Hanting, Mr. CHEN Zhiwei and Mr. LI Gaofeng shall hold office until the forthcoming annual general meeting of the Company (the "**AGM**") and, being eligible, offer themselves for re-election at that AGM.

Pursuant to Article 116 of the Articles of Association, at each AGM one-third of the Directors for the time being (or, if their number is not three or a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Accordingly, Mr. WU Ling and Mr. CHAN Kin Sang shall retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election at the forthcoming AGM.

DIRECTORS' BIOGRAPHIES

Biographical details of the Directors are set out on pages 12 to 16 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The Company has entered into employment contracts or letters of appointment with each of the Directors for a specific term, subject to the renewal provisions contained therein and retirement by rotation and re-election at the AGMs. Apart from the foregoing, none of the Directors proposed for re-election at the forthcoming AGM has employment contract or letter of appointment with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favor, or in which he is acquitted.

The Company has maintained Directors' liability insurance during the year ended 31 March 2018 and up to the date of this annual report which provides appropriate cover for the Directors.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 March 2018, the interests and short positions of each of the Directors or chief executive of the Company and their associates in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules were as follows:

Long position in the Shares and underlying shares of the Company

Name of Director	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares and underlying shares	Approximate percentage of the issued share capital of the Company
Mr. XIE Zhichun (Note)	Interest of controlled corporation	2,094,350,000	3,000,000,000	5,094,350,000	71.89%

Note:

Mr. XIE Zhichun was deemed to be interested in 2,094,350,000 Shares held by Riverhead Capital (a company which was owned as to 80% by Mr. XIE Zhichun) and 3,000,000,000 underlying shares of the Company which may be issued upon the exercise of the conversion rights attaching to the convertible bonds (at the conversion price of HK$0.06 per conversion share) (i) in the principal amount of HK$60,000,000 issued by the Company to Riverhead Capital on 28 June 2017 and (ii) in the principal amount of HK$120,000,000 to be issued by the Company to Riverhead Capital pursuant to the terms and conditions of the subscription agreement entered into between the Company and Riverhead Capital on 22 November 2016.

Save as disclosed above, as at 31 March 2018, none of the Director nor the chief executive of the Company, had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have taken under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY", at no time during the Reporting Year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors and the chief executive of the Company, their respective spouse or minor children (natural or adopted) to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Mr. XIE Zhichun is the controlling shareholder of Riverhead Capital, who holds 80% of the shareholding interests in this company. Save as disclosed in the section headed "ISSUE OF CONVERTIBLE BONDS" under the "Management Discussion and Analysis" section of this annual report, no contract of significance to which the Company, or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Reporting Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year ended 31 March 2018, the interests of the Directors in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group ("**Competing Businesses**") as required to be disclosed pursuant to the Listing Rules were as follows:

Name of Director	Name of company	Description of Competing Businesses	Nature of interest
XIE Zhichun *(Executive Director)*	China Taiping Insurance Holdings Co. Ltd. ("**Taiping Insurance**")	Fund and asset management	As an independent non-executive director of Taiping Insurance
	China Minsheng Banking Corp. Ltd. ("**Minsheng Banking**")	Fund and asset management, securities dealing and broking, investment banking	As an independent non-executive director of Minsheng Banking
HAN Hanting *(Executive Director)*	Eternal Pearl Securities Ltd. ("**Eternal Pearl**")	Securities broking and margin financing	As a non-executive director of Eternal Pearl
HON Chun Yu *(Executive Director)* (resigned on 6 October 2017)	Certain subsidiaries of Fortune Freedoness group (the "**Fortune Freedoness Subsidiaries**")	Provision of insurance brokerage service	As a director of the Fortune Freedoness Subsidiaries

Save as disclosed above, none of the Directors was interested in any business apart from the Group's businesses which compete or is likely to complete, either directly or indirectly, with the businesses of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 March 2018, as far as is known to the Directors and as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, the substantial Shareholders (other than a Director or a chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company were as follows:

Long position in the Shares and underlying shares of the Company:

Name of Shareholder(s)	Capacity	Interest in Shares	Interest in underlying shares	Total interest in Shares and underlying shares	Approximate percentage of the issued share capital of the Company
Riverhead Capital (International) Management Co., Ltd. ("**Riverhead Capital**")(Note 1)	Beneficial owner	2,094,350,000	3,000,000,000	5,094,350,000	71.89%
Mankind Investment Limited ("**Mankind**")(Note 2)	Beneficial owner	1,416,430,000	890,900,000	2,307,330,000	32.56%
China Cinda (HK) Asset Management Co., Limited ("**CCAM**")(Note 2)	Interest of controlled corporation	1,416,430,000	890,900,000	2,307,330,000	32.56%
China Cinda (HK) Holdings Company Limited ("**Cinda (HK)**")(Note 2)	Interest of controlled corporation	1,416,430,000	890,900,000	2,307,330,000	32.56%
China Cinda Asset Management Co., Limited ("**China Cinda**")(Note 2)	Interest of controlled corporation	1,416,430,000	890,900,000	2,307,330,000	32.56%
Jadehero Limited ("**Jadehero**")(Note 3)	Beneficial owner	800,000,000	—	800,000,000	11.29%
Southlead Limited ("**Southlead**")(Note 3)	Interest of controlled corporation	800,000,000	—	800,000,000	11.29%
Wahen Investments Limited ("**Wahen**")(Note 3)	Interest of controlled corporation	800,000,000	—	800,000,000	11.29%
Value Convergence Holdings Limited ("**VCH**")(Note 4)	Beneficial owner	131,492,000	2,559,750,000	2,691,242,000	37.98%

Notes:

1. As at 31 March 2018, Riverhead Capital beneficially held 2,094,350,000 Shares and 3,000,000,000 underlying shares of the Company which may be issued upon the exercise of the conversion rights attaching to the convertible bonds (at the conversion price of HK$0.06 per conversion share) (i) in the principal amount of HK$60,000,000 issued by the Company to Riverhead Capital on 28 June 2017 and (ii) in the principal amount of HK$120,000,000 to be issued by the Company to Riverhead Capital pursuant to the terms and conditions of the subscription agreement entered into between the Company and Riverhead Capital on 22 November 2016. Riverhead Capital is owned as to 80% by Mr. XIE Zhichun (the executive Director and Chairman of the Company) who is also the sole director of Riverhead Capital. For the purpose of SFO, Mr. XIE Zhichun was deemed to be interested in the Shares and underlying shares held by Riverhead Capital.

   Ms. Sun Zhuyin (“**Ms. Sun**”) is the spouse of Mr. XIE Zhichun, therefore, Ms. Sun was deemed to be interested in 2,094,350,000 Shares and 3,000,000,000 underlying shares of the Company which Mr. XIE Zhichun has a deemed interest therein under the SFO.

2. As at 31 March 2018, Mankind beneficially held 1,416,430,000 Shares and 890,900,000 underlying shares of the Company, which may be issued upon the exercise of the conversion rights attaching to the convertible bonds in the outstanding principal balance amount of HK$53,454,000 (at the conversion price of HK$0.06 per conversion share) by the Company to Mankind pursuant to the subscription agreement entered into between the Company and Mankind on 22 November 2016. Mankind was wholly-owned by CCAM which in turn was wholly-owned by Cinda (HK). Cinda (HK) was wholly-owned by China Cinda. For the purpose of SFO, CCAM, Cinda (HK) and China Cinda were deemed to be interested in the Shares and underlying shares held by Mankind.

3. As at 31 March 2018, Jadehero beneficially held 800,000,000 Shares. Jadehero was owned as to 80% by Southlead. Southlead was wholly-owned by Wahen which in turn was wholly-owned by Mr. Zhao Xu Guang. For the purpose of SFO, Southlead, Wahen and Mr. Zhao Xu Guang were deemed to be interested in the Shares held by Jadehero.

4. As at 31 March 2018, VCH beneficially held 131,492,000 Shares and 2,559,750,000 underlying shares of the Company which may be issued by the Company upon the exercise of the conversion rights attaching to the convertible bonds in the principal amount of HK$153,585,000 (at the conversion price of HK$0.06 per conversion share) held by VCH.

   Such convertible bonds were originally issued by the Company to PAL pursuant to the supplemental agreement entered into between the Company and PAL on 22 November 2016 (as supplementary to the previous convertible bonds subscription agreement dated 21 September 2016 executed between the Company and PAL), which were transferred by PAL to VCH on 8 January 2018.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any substantial Shareholder (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying shares of the Company which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

RELATED PARTY TRANSACTIONS

During the Reporting Year, Mr. XIE Zhichun, a Director and a substantial shareholder of the Company, has provided a personal guarantee to secure a revolving loan facility of up to HK$260,000,000 agreed to be granted by a bank to the Company. The provision of the personal guarantee by Mr. XIE Zhichun to the Company constitutes a connected transaction of the Company under the Listing Rules.

The above-mentioned transaction and the related party transactions as set out in note 32 to the consolidated financial statements are either connected transactions or continuing connected transactions fully exempt from reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

MANAGEMENT CONTRACTS

No contract concerning the management and/or administration of the whole or any substantial part of the business of the Company was entered into or existed during the Reporting Year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the latest practicable date prior to the issue of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2018, revenue attributable to the 5 largest customers of the Group accounted for approximately 32.2% of the Group's total revenue and the revenue attributable to the largest customer of the Group accounted for approximately 10.6% of the Group's total revenue.

The Group is a provider of financial services. In the opinion of the Directors, it is therefore of no value to disclose details of the Group's suppliers.

None of the Directors or any of their close associates or any Shareholders (which to the knowledge of the Directors own more than 5% of the issued Shares) had any beneficial interest in the Group's 5 largest customers during the year ended 31 March 2018.

RETIREMENT BENEFIT SCHEMES

Details of the retirement benefit scheme of the Group and the employer's retirement benefit costs charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018 are set out in note 40 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

CORPORATE GOVERNANCE REPORT

The Company's corporate governance codes are set out in the Corporate Governance Report on pages 29 to 42 of this annual report.

EVENT AFTER THE REPORTING YEAR

Details of the events after the Reporting Year are set out in note 41 to the consolidated financial statements.

TAXATION OF HOLDERS OF SHARES

Hong Kong

The purchase, sale and transfer of Shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if greater, the fair value of the Shares being bought/ sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of Shares.

Profits from dealings in the Share arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Cayman Islands

Under the present Cayman Islands laws, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

Consultation with professional advisers

Intending holders and investors of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in Shares. It is emphasized that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding, disposal of or dealing in such Shares.

CHANGE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in Directors' information of the Company since the date of the interim report of the Company for the period ended 30 September 2017 were as follows:

(1) Mr. CHAN Kin Sang was appointed as an independent non-executive director of Pak Tak International Limited on 3 April 2018;

(2) The basic salary of Mr. HUA Yang was increased to HK$3,120,000 per annum after his re-designation from a non-executive Director to an executive Director and the Chief Executive Officer of the Company on 5 March 2018; and

(3) The basic salary of Mr. LIU Yinan was increased to HK$2,040,000 per annum with effect from 1 February 2018.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the interim report of the Company for the period ended 30 September 2017 and up to the date of this report.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee currently comprises four independent non-executive Directors, namely, Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. CHAN Kin Sang, Mr. CHIU Kung Chik and Mr. LI Gaofeng.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed the internal controls and financial reporting matters including the review of the audited consolidated financial statements and annual results of the Group for the year ended 31 March 2018.

AUDITOR

Grant Thornton Hong Kong Limited ("**Grant Thornton**") was appointed as auditor of the Company on 23 March 2016 to fill the casual vacancy following the resignation of SHINEWING (HK) CPA Limited on the same date.

The consolidated financial statements of the Group for the year ended 31 March 2018 were audited by Grant Thornton which will retire at the conclusion of the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution will be proposed to the Shareholders to re-appoint Grant Thornton as auditor of the Company.

Save as disclosed above, there was no change in auditor of the Company in any of the preceding three years.

On behalf of the Board

HUA Yang
Director

Hong Kong, 29 June 2018

Corporate Governance Report

The Company's commitment to the highest standard of corporate governance is driven by the Board which, led by the Chairman, assumes overall responsibility for the governance of the Company, taking into account of the interests of the Shareholders, the development of its businesses and the changing external environment.

The Company believes that good corporate governance is fundamental in ensuring that the Company is well managed in the interests of all of its Shareholders.

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

CORPORATE GOVERNANCE CODE COMPLIANCE

Throughout the year ended 31 March 2018, the Company has complied with all code provisions and, where appropriate, met the recommended best practices of the CG Code, except for the deviation from code provision A.2.1. The reason for such deviation has been stated under the section headed "CHAIRMAN AND CHIEF EXECUTIVE" of this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transaction. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the Reporting Year.

BOARD OF DIRECTORS

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the Group's business operations and performance, preparing and approving financial statements, considering and approving material contracts and transactions as well as other significant policies and financial matters. The Board takes the responsibility to oversee internal controls and risk management systems and to review of the effectiveness of such systems, monitoring the performance of the senior management and determining the policy for corporate governance. The Board also gives clear directions as to the powers delegated to the management for the day-to-day operation, business strategies and administrative functions of the Group.

Board Composition

As at 31 March 2018, the composition of the Board was as follows:

Executive Directors	Non-executive Directors	Independent Non-executive Directors
Mr. XIE Zhichun *(Chairman)*	Mr. TANG Baoqi	Mr. CHAN Kin Sang
Mr. HUA Yang	Mr. WU Ling	Mr. NG Kay Kwok
Mr. HAN Hanting		Mr. CHIU Kung Chik
Mr. LIU Yinan		Mr. LI Gaofeng

Note: Mr. TANG Baoqi has resigned and Mr. CHEN Zhiwei was appointed as a non-executive Director on 17 April 2018.

The Chairman and the non-executive Directors (including the independent non-executive Directors) have met at least once every year without the presence of executive Directors and the management and such meeting was held on 28 November 2017.

Number of Board Meetings, Committees Meetings, General Meetings and Directors' Attendance Rate

Number of Board meetings, committees meetings and general meetings held during the year ended 31 March 2018 and the attendance rate of the individual Directors are set out below:

Directors	Board Meeting ("BM")	Audit Committee Meeting ("ACM")	Remuneration Committee Meeting ("RCM")	Nomination Committee Meeting ("NCM")	Annual General Meeting ("AGM")	Extraordinary General Meeting ("EGM")
Executive Directors						
XIE Zhichun *(Chairman)*	9/9	N/A	1/1	1/1	1/1	1/1
HUA Yang (Note 1)	4/4	N/A	0/0	N/A	0/0	0/1
HAN Hanting (Note 2)	4/4	N/A	N/A	0/0	0/0	1/1
LIU Yinan (Note 3)	7/7	N/A	N/A	N/A	1/1	1/1
HON Chun Yu (Note 4)	5/5	N/A	N/A	N/A	1/1	0/0
FU Wan Sheung (Note 4)	5/5	N/A	N/A	N/A	1/1	0/0
Non-executive Directors						
WU Ling	9/9	N/A	N/A	N/A	0/1	0/1
TANG Baoqi (Note 5)	7/9	N/A	N/A	N/A	0/1	1/1
Independent non-executive Directors						
CHAN Kin Sang	8/9	2/2	N/A	N/A	1/1	1/1
NG Kay Kwok	6/9	2/2	1/1	1/1	1/1	0/1
CHIU Kung Chik	9/9	2/2	1/1	1/1	1/1	1/1
LI Gaofeng (Note 6)	4/4	1/1	0/0	0/0	0/0	0/1

Notes:

1. Mr. HUA Yang was appointed as a Director and a member of the Remuneration Committee on 6 October 2017. Four BMs and one EGM were held but no RCM or AGM was held since his appointment.
2. Mr. HAN Hanting was appointed as a Director and a member of the Nomination Committee on 6 October 2017. Four BMs and one EGM were held but no NCM or AGM was held since his appointment.
3. Mr. LIU Yinan was appointed as a Director on 21 June 2017. Seven BMs, an AGM and one EGM were held since his appointment.
4. Mr. HON Chun Yu and Ms. FU Wan Sheung have resigned as Directors on 6 October 2017. Five BMs and an AGM were held but no EGM was held prior to their resignation.
5. Out of the seven BMs attended by Mr. TANG Baoqi, two of which have been participated by his alternate on behalf of Mr. Tang. Mr. Tang has resigned as a Director on 17 April 2018.
6. Mr. LI Gaofeng was appointed as a Director and a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee on 6 October 2017. Four BMs, one ACM and one EGM were held but no RCM, NCM or AGM was held since his appointment.

Throughout the year ended 31 March 2018, the Company has at least three independent non-executive Directors, representing one third of the Board, whom the Company considers to have appropriate professional qualifications or accounting or related financial management experience and qualifications to carry out their duties.

The Company has received from each of its independent non-executive Directors an annual confirmation of independence as required under Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent.

The biographical details of all existing Directors are set out in the section headed "Biographical Details of Directors" of this annual report. None of the Director has any relationship (including financial, business, family or other material/relevant relationship(s)) with other Board members.

Operation of the Board

The Board is provided with relevant information concerning matters to be brought for its decision. Regular Board meetings are held at approximately quarterly intervals and at least 14 days notice is given to the Directors before each Board meeting. Board papers are dispatched to the Directors at least 3 days before the meeting.

Directors have to declare their interests before the meeting in accordance with the Articles of Association. Directors who are considered to have a conflict of interest or material interests in the proposed transactions or issues to be discussed are not be counted in the quorum of meeting and are required to abstain from voting on the relevant resolutions.

The company secretary of the Company ("**Company Secretary**") maintains the minutes of the Board meetings for inspection by Directors.

There is a clear division of responsibilities between the Board and the Executive Committee of the Company (the "**Executive Committee**"). Decisions on important matters are reserved to the Board while decisions on the Group's general operations are delegated to the Executive Committee. Important matters including but not limited to major acquisitions and disposals, annual budgets, approval of annual and interim results, other significant operational and financial matters and those affecting the Group's strategic policies.

Director induction and continuous professional development

Newly appointed Directors are provided with briefings and orientation on their legal and other responsibilities as a Director and the role of the Board.

Information package comprising the latest development in laws, rules and regulations relating to the duties and responsibilities of Directors will be forwarded to each Director from time to time for their information and reference. "A Guide on Directors' Duties" published by the Companies Registry of Hong Kong, and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by The Hong Kong Institute of Directors have also been forwarded to each newly appointed Director for their information and reference.

In addition, the Company has also from time to time provided information and briefings to Directors on the latest development of the laws, rules and regulations relating to Directors' duties and responsibilities. The Company had, on an individual basis, advised Directors on queries raised or issues which arise in the performance of their duties as Directors.

During the year under review, one in-house seminar on "Disclosure of price sensitive information and its implications on insider dealing" was provided by the Company to its Directors. One Director has also participated in other continuous professional training organized by professional bodies and/or government authorities and had provided the Company with his records of continuous professional development. Such training records were kept by the Company Secretary.

The Directors' knowledge and skills are continuously developed and refreshed by the following means:

(1) Participation in in-house seminars and/or briefings provided by the Company relating to the updates on legal and regulatory, corporate governance requirements and industry-related issues;

(2) Participation in the continuous professional training seminars/conferences/courses/workshops organized by other professional bodies and/or government authorities on topics relating to directors' duties, corporate governance and/or disclosure requirement updates, etc.; and

(3) Reading materials relating to the latest development in laws, rules and regulations in relation to the directors' duties and responsibilities, corporate governance and finance industry.

According to the records of training maintained by the Company Secretary, during the Reporting Year, all Directors participated in continuous professional development and the relevant details are set out below:

Members of the Board	**Training(s) received**
Executive Directors	
XIE Zhichun	(1) & (3)
HUA Yang *(appointed on 6 October 2017)*	(1) & (3)
HAN Hanting *(appointed on 6 October 2017)*	(1) & (3)
LIU Yinan *(appointed on 21 June 2017)*	(1) & (3)
HON Chun Yu *(resigned on 6 October 2017)*	Nil Δ
FU Wan Sheung *(resigned on 6 October 2017)*	Nil Δ
Non-executive Directors	
WU Ling	(1) & (3)
TANG Baoqi *(resigned on 17 April 2018)*	(1) & (3)
Independent non-executive Directors	
CHAN Kin Sang	(2) & (3)
NG Kay Kwok	(1) & (3)
CHIU Kung Chik	(1) & (3)
LI Gaofeng *(appointed on 6 October 2017)*	(1) & (3)

Δ No in-house seminar was held or reading material was provided by the Company before 6 October 2017.

LIABILITY INSURANCE FOR THE DIRECTORS

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers.

CHAIRMAN AND CHIEF EXECUTIVE

Code Provision A.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In the past, the duties of the chief executive were assumed by the managing Director of the Company (the "**Managing Director**"). Subsequent to the resignation of the Managing Director on 8 July 2016, such duties have been taken up by the Chairman, Mr. XIE Zhichun. With the appointment of Mr. HUA Yang as the Chief Executive Officer on 5 March 2018, the roles of chairman and chief executive are performed by two individuals.

The Chairman is responsible for taking the lead in formulating the overall strategies and policies of the Group. He ensures that the Board functions effectively and all material issues of the Company are discussed in a timely manner. The Chairman also leads the Board to establish good corporate governance policies and procedures for the Group as a whole.

The Chief Executive Officer, supported by the other executive Directors and the senior management of the Company, is responsible for the daily business operations and management of the Group. He monitors the implementation of the Group's strategies with respect to the achievement of its business objectives.

NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors have entered into letters of appointment with the Company for a term of one year and all of them are subject to retirement by rotation pursuant to the Articles of Association.

BOARD COMMITTEES

The terms of reference of the Remuneration Committee, the Nomination Committee and the Audit Committee are disclosed in full on both the websites of the Company and the Stock Exchange.

Remuneration Committee

The Remuneration Committee was established in October 2005. It currently comprises three independent non-executive Directors, namely Mr. CHIU Kung Chik (chairman of the Remuneration Committee), Mr. NG Kay Kwok and Mr. LI Gaofeng, and two executive Directors, namely Mr. XIE Zhichun and Mr. HUA Yang. The terms of reference of the Remuneration Committee was revised on 29 February 2012 and are aligned with the provisions set out in the CG Code. The main duties of the Remuneration Committee are as follows:

(a) 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;

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

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to consider salaries paid by comparable companies, time commitment and responsibility and employment conditions elsewhere in the Group;

(f) 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 the contractual terms and is otherwise fair and not excessive for the Company;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with the contractual terms and are otherwise reasonable and appropriate; and

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

During the year under review, the Remuneration Committee held one meeting, together with by means of written resolutions, to discuss and deal with the following major matters:

— to review the remuneration package of all Directors and key senior personnel; and

— to recommend the remuneration package of the newly appointed Directors to the Board for approval.

Nomination Committee

The Nomination Committee was established in December 2007. It currently comprises two executive Directors, namely Mr. XIE Zhichun (chairman of the Nomination Committee) and Mr. HUA Yang; and three independent non-executive Directors, namely Mr. NG Kay Kwok, Mr. CHIU Kung Chik and Mr. LI Gaofeng. The Nomination Committee adopts the recommended terms of reference set out in the CG Code and was revised on 29 February 2012.

The main duties of the Nomination Committee are as follows:

(a) 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;

(b) to identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship;

(c) to assess the independence of the independent non-executive Directors; and

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee identifies and nominates qualified individual to the Board for consideration. All newly appointed Directors are subject to re-election by the Shareholders at the AGM or at the next following general meeting of the Company immediately following their appointment pursuant to the Articles of Association. In considering the new appointment or re-nomination of Directors, the Nomination Committee will focus their decisions based on attributes such as integrity, industry experience and professional and technical skills together with the ability to contribute time and afford to carry out their duties effectively and responsibly.

During the year under review, the Nomination Committee held one meeting, together with by means of written resolutions, to discharge the above-mentioned duties.

Board Diversity Policy

The Company recognizes and embraces the benefits of diversity of its Board members. It had adopted a Board Diversity Policy (the "**Policy**") in August 2013. All Board appointments will be based on meritocracy and competence. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board.

In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Board for appointment or re-appointment of Directors, the Nomination Committee will take into account certain objective criteria such as gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge, and length of service, etc. Besides, it will also take into account factors based on the Company's business model and specific needs from time to time.

In addition, the Nomination Committee will from time to time review the Policy, as appropriate, to ensure its continued effectiveness. It will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Audit Committee

The Audit Committee was established in April 2001 and currently comprises four independent non-executive Directors, namely Mr. NG Kay Kwok (chairman of the Audit Committee), Mr. CHAN Kin Sang, Mr. CHIU Kung Chik and Mr. LI Gaofeng. The terms of reference of the Audit Committee were revised on 30 December 2015 and are aligned with the provisions set out in the CG Code. The main duties of the Audit Committee are as follows:

Relationship with the Company's auditor

(a) to be primarily responsible for making recommendation 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 any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(c) to develop and implement policy on engaging of an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Company's financial information

(d) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(i) any changes in accounting policies and practices;

(ii) major judgmental areas;

(iii) significant adjustments resulting from the audit;

(iv) the going concern assumptions and any qualifications;

(v) compliance with accounting standards; and

(vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(e) regarding (d) above:

  (i) members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet, at least twice a year, with the Company's auditor; and

  (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts, it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditor;

Oversight of the Company's financial reporting system, risk management and internal control systems

(f) to review the Company's financial controls, and unless expressly addressed by a separate Board's risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

(g) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

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

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(j) to review the Group's financial and accounting policies and practices;

(k) 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;

(l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(m) 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. The Audit Committee should ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(n) to act as the key representative body for overseeing the Company's relations with the external auditor;

(o) to report to the Board on the matters set out above; and

(p) to consider other matters, as defined or assigned by the Board from time to time.

During the year under review, the Audit Committee held two meetings to consider and approve, inter alia, the following matters:

(a) to review the half-year and annual financial statements before submission to the Board, with a focus on compliance with accounting standards, the Listing Rules and other requirements in relation to financial reporting of the Audit Committee;

(b) to review and discuss the effectiveness of the internal control system throughout the Group, including financial, operational and compliance controls, and risk management;

(c) to review the accounting principles and practices adopted by the Group and other financial reporting matters; and

(d) to recommend to the Board for re-appointment of Grant Thornton as auditor of the Group for the ensuing year and to approve the remuneration and terms of engagement of Grant Thornton.

Executive Committee

The Executive Committee was established in April 2017 with written terms of reference that specifies its authorities and duties. It currently comprises all executive Directors (except for the Chairman of the Board) and department heads of the Company and is chaired by the Chief Executive Officer of the Company. The Executive Committee is primarily responsible for supervising the day-to-day operation of the Group, implementing business strategies made by the Board and making investment decisions within its authorities, etc. The Executive Committee meets as and when necessary.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the following corporate governance duties:

(i) to develop and review the Company's policies and practices on corporate governance;

(ii) to review and monitor the training and continuous professional development of Directors and senior management;

(iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and

(v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 March 2018, the Board has duly discharged the above-mentioned duties.

AUDITOR'S REMUNERATION

For the year ended 31 March 2018, the auditor's remuneration paid or payable by the Group to Grant Thornton in respect of the audit and other non-audit services were as follows:

	HK$
Audit services	832,000
Non-audit services	
— other professional services	85,000

Auditor's responsibilities for financial statements

The reporting responsibilities of Grant Thornton to the Shareholders are set out in the Independent Auditor's Report on pages 54 and 59 of this annual report.

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparation of the financial statements for the year ended 31 March 2018 and ensuring that such financial statements give a true and fair view of the affairs of the Group and of the Group's results and cash flow and in compliance with the relevant laws and disclosure provisions of the Listing Rules. In preparing the consolidated financial statements for the year ended 31 March 2018, the Directors have selected appropriate accounting policies and applied them consistently; made prudent and reasonable judgments and estimates; and have prepared the financial statements on a going concern basis.

COMPANY SECRETARY

Ms. WONG Miu Ying, Vivian, who is a full time employee of the Company, was appointed as the Company Secretary on 21 December 2016. Ms. Wong confirmed that she has taken no less than 15 hours of the relevant professional training during the year under review in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Board gives high priority to balanced, clear and transparent communications which allow Shareholders and investors to understand the Group's prospects and the market environment in which it operates. The Company communicates with Shareholders and investors in different ways to ensure that their views and concerns are understood and addressed in a constructive way.

In March 2012, the Board has established a Shareholders communication policy and a Shareholders' guide is in place to ensure that Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Group. The policy is regularly reviewed to ensure its effectiveness and is posted on the Company's website.

The Company's website has become the primary platform of communication between the Company and the Shareholders. The investor relations section of the website is kept under regular review by the Company to ensure that information related to Shareholders is disseminated in an accurate and timely manner.

The particulars of Shareholders' rights relating to, inter alia, putting forward proposals at Shareholders' meetings, convening of extraordinary general meetings and making enquiries to the Group are as follows:

Proposing a candidate for election as a Director at the general meetings of the Company

Pursuant to Article 120 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director, signed by a Shareholder (other than the person to be proposed for election as a Director) duly qualified to attend and vote at the meeting for which such notice is given, and a notice in writing signed by that person of his willingness to be elected shall have been lodged at the registration office. The minimum length of the period during which such notices are given shall be at least seven days, commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

To include a resolution relating to other matters in a general meeting, Shareholders are requested to follow the requirements and procedures as set out in the investor relations section of the Company's website.

Convening of extraordinary general meeting of the Company

Pursuant to Article 72 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company. General meetings may also be convened on the written requisition of any one member of the Company which is a recognised clearing house (or its nominee) deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist, provided that such requisitionist held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Enquiries to the Board

The Board is grateful to Shareholders and other stakeholders for their views, and welcomes their questions and concerns raised in relation to the management and governance of the Group.

Shareholders and other stakeholders may at any time send their enquiries and concerns to the Board by post to the Company at Units 4301–8 & 13, 43rd Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong or by email to info@290.com.hk for the attention of the Company Secretary.

INVESTOR RELATIONS

Constitutional Documents

The Company's Memorandum and Articles of Association (in both English and Chinese) is available on both the websites of the Company and the Stock Exchange. During the year under review, there is no change to the Company's Memorandum and Articles of Association.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and maintaining sound and effective risk management and internal control systems, and for determining the nature and extent of risk it is willing to take in pursuing business objectives of the Group. Yet, such risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Company has a risk management policy in place to formalize the procedures in identifying, evaluating and monitoring the risks which may be encountered by the Group in the course of business. By tackling the risks in a systematic way, the Board believes that the same can be minimized or under control at a reasonable level.

The process used to identify, evaluate and manage significant risks are as follows:

1. each business unit/department identifies the risks that encountered or may be encountered by them in the course of business/operation;

2. business units/departments compile a list of risks which contains the following information for every single risk identified by them: (a) risk classification; (b) contents of risk; (c) measures taken; (d) risk ranking; and (e) recommendations to deal with such risk, and email this list to the Executive Committee and the Compliance and Risk Management Department (the "**CRM Department**") for review and assessment;

3. the Executive Committee and the CRM Department discuss, assess and determine whether further action is required to be taken against the identified risks or whether such risks should be reported to the Board;

4. if reporting to the Board is required, the Company Secretary will send the materials to the Board for discussion and revert the Board's decision to the relevant business unit/department for action/follow up.

Besides, internal control measures and/or procedures have also been designed and implemented for safeguarding the Group's assets against unauthorized use or disposal, maintaining proper accounting records, and monitoring the compliance with the applicable laws, rules and regulations.

Although the Company does not have an internal audit function, it has established a CRM Department to monitor the overall risk management and compliance issues of the Group on an ongoing basis. Quarterly reports on compliance, risk management and internal control issues of the Group will be prepared by the CRM Department and tabled before the regular Audit Committee and Board meetings for review and discussion. Modifications and improvements on the existing risk management and internal control policies will be carried out from time to time as required.

Apart from the internal review of the risk management and internal control systems on a quarterly basis, the Company also engages independent internal control advisors to conduct an overall review of the effectiveness of the risk management and internal control systems of the Group at regular intervals. Such a comprehensive review has been conducted last year. The scope of review included trading of listed securities cycle, human resource and payroll cycle, cash management and treasury cycle and financial reporting cycle for the Company, etc. The internal control advisor performed interviews, reviewed the relevant documents and reported major findings and areas for improvement to the Audit Committee. No material issue on the Group's internal control system was identified after the review. All recommendations from internal control advisor have been followed up closely to ensure that they were implemented within a reasonable period of time. Hence, the Board considers that the existing risk management and internal control systems of the Group are effective and adequate to meet its needs in its current business environment.

Inside Information Disclosure Policy

To ensure timely, fair, accurate and complete disclosure of inside information and for compliance with the applicable laws and regulations, an updated policy on handling the inside information has been approved by the Board in August 2017, pursuant to which a series of procedures has been taken to identify and preserve the confidentiality of the price sensitive information and to disclose the same to the public in a timely manner, if required. All staff are also required to observe the code of ethical standards stated in Staff Handbook to keep non-public information confidential.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company continues to pursue a proactive policy of promoting investor relations and communication by maintaining regular meetings with institutional Shareholders, fund managers and analysts through different means including meetings, presentations and correspondence. In an effort to enhance communications with the Shareholders and investors, the Company maintains a website (www.290.com.hk) to disseminate information relating to the latest business developments and all corporate announcements.

The AGM is a valuable forum for the Board to communicate directly with the Shareholders. An AGM circular was distributed to all Shareholders at least 20 clear business days prior to the AGM held on 30 August 2017 (the "**2017 AGM**"), setting out the details of each proposed resolution and other relevant information. Separate resolutions are proposed at the general meetings of the Company on each substantially separate issue, including the election of individual Directors. Shareholders have the opportunity to participate and vote in general meetings and are informed of the rules and voting procedures that govern the general meeting.

The 2017 AGM of the Company was held at 35/F., Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. The Chairman of the Board and the chairmen of Board Committees, accompanied by other Directors, attended the 2017 AGM. Please refer to the table set out on page 30 for the details of attendance of the Directors at the 2017 AGM. The external auditor of the Company, Grant Thornton, attended the 2017 AGM, during which was available to answer questions raised by the Shareholders.

Environmental, Social and Governance Report

OVERVIEW

The Company is pleased to present the second Environmental, Social and Governance ("**ESG**") report, which summarized the ESG initiatives and accomplishments for the year ended 31 March 2018.

The Board has the overall responsibility for the Company's ESG strategy and reporting in achieving green operations for sustainable development. The management is responsible for monitoring and managing the ESG-related risks and the effectiveness of the ESG management systems. In order to determine the ESG reporting scopes, the Company has engaged a professional consultant company and discussed with various management personnel and other key stakeholders to identify and assess the relevant ESG issues of the Company. The summary of material ESG issues, which are covered in this report, are listed below.

REPORT SCOPE AND BOUNDARIES

This report serves to provide details of the Company's ESG policies and initiatives of its businesses in corporate finance, securities trading, money lending and securities brokerage, etc., which has been prepared and complied under the "comply or explain" provisions with reference to the ESG Reporting Guide set out in Appendix 27 of the Listing Rules. The source of data in preparing the ESG report is primarily based on the internal policies and documents as well as information provided by various key stakeholders.

STAKEHOLDERS' ENGAGEMENT

Understanding and taking actions towards stakeholders' concerns and expectations is essential towards the sustainability development. The Company ensures various communication channels are set up so that comments and feedbacks from major stakeholders are effectively and timely addressed.

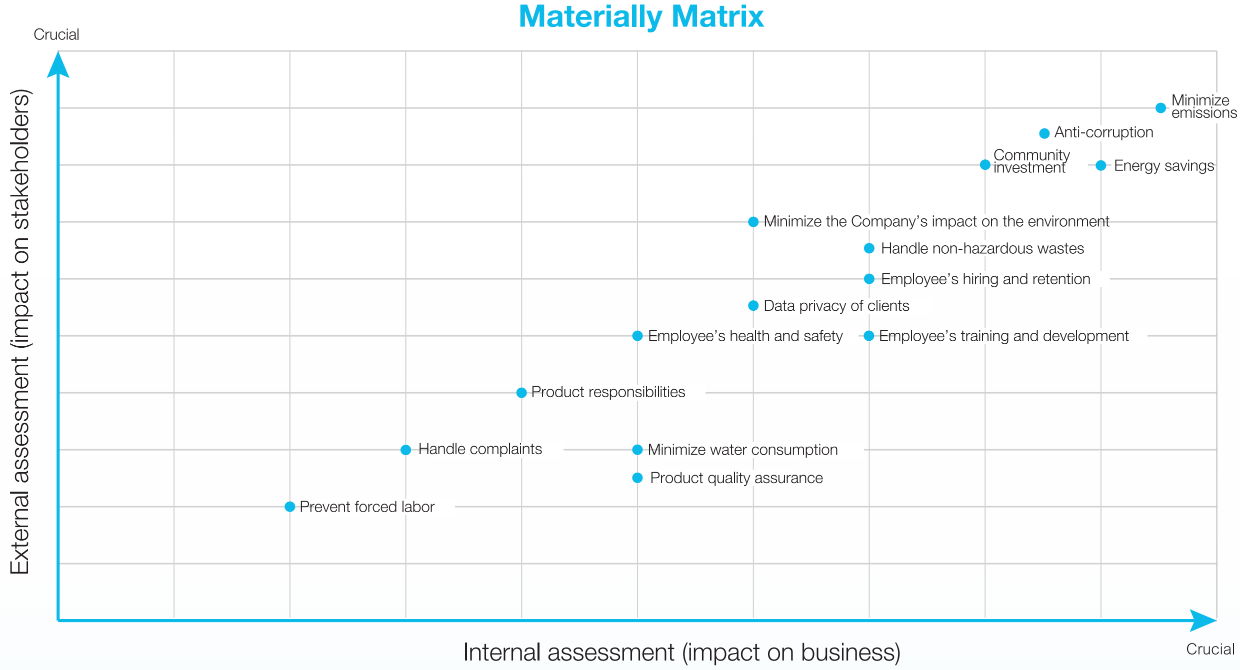
The following table shows the main expectations and concerns of the major stakeholders as identified by the Company, and the corresponding management responses:

Stakeholders	Expectations	Management Feedback
Customers	Integrity High quality services	Ensuring contractual obligations are in place and providing high quality services in order to satisfy customers.
Employees	Humanity Health and safety Career development Labour rights	Paying attention to occupational health and safety, creating a comfortable working environment, encouraging employees to participate in continuous education and professional trainings to enhance competency, holding team building function and setting up contractual obligations to protect labour rights.
Shareholders	Return on investment Interest protection Information transparency Operating risks management	Ensuring transparency and efficient communications through general meetings and announcements published by the Company.
Government	Abide to law Fulfil tax obligation Cooperation for mutual benefits	Upholding integrity and compliance in operations, paying tax on time in return contributing to the society.
Suppliers	Integrity	Ensuring contractual obligations are in place, performing supplier selection with due care.

MATERIALITY ASSESSMENT

The Company assesses and analyses the importance of the ESG reporting issues. The following factors were taken into consideration in order to identify the important issues: the Company's business strategy objectives and policies, industry standards, legal and regulatory responsibilities, environmental protection, use of resources, service quality control, employee protection, etc. Through materiality assessment, 15 important issues have been identified and the Company's response to these important issues have been elaborated in more details in this report.

Materially Matrix



A. Environmental

As part of the users of the natural resources, the Company acknowledges its responsibility to its people and the environment. The Company not just aims to report on carbon footprint, but also to take initiatives to protect the environment. As a financial institution operates in an office setting, the major environment impact are the greenhouse gas emission generated by office electricity, followed by fuel consumption aroused from business trips. These lead to the formation of the Company's primary operation initiatives — to reduce the emission of carbon dioxide.

Greenhouse Gas ("GHG") Emissions

The Company's vision focuses on eliminating excessive usage of resources. During the year under review, the Company directly consumed 197,805kg Carbon Dioxide Equivalent Emissions. The NOx, PM and SOx emitted by company cars accounted for 9,413g, 693g and 206g respectively.

GHG Emissions	**Carbon Dioxide Equivalent Emission** (in kg)	**Intensity** (in kg)
Scope 1 — Direct Emissions (Vehicles)	37,913	405
Scope 2 — Indirect Emissions (Acquired Electricity)	102,209	1,038
Scope 3 — Other Emissions (Business Trips)	57,683	547
Total GHG Emissions	197,805	1,990

Air Emissions	**Types of Emission** (in g)	**Intensity** (in g)
Nitrogen oxides (NOx)	9,413	101
Particulate matter (PM)	693	7
Sulphur oxides (SOx)	206	2

Energy consumption

As indirect emissions such as acquired electricity being the biggest attributor's to the GHG emissions, the Company proactively implements the energy conservation approach in office: keeping the air-conditioned office between 24–26 degrees Celsius, switching off or idling unused lighting and energy consumption equipment, deploying natural light and install energy-saving lightings when feasible, and cleaning the air filter of air-conditioners regularly to improve the air circulation. During the year under review, a new lighting system has been installed in the Company's new office which automatically switched off the lights during non-operating hours.

The second largest contributor to the GHG emissions is other emissions such as carbon dioxides generated from business travels. The Company's vehicles usage are mainly used for business travels and activities with customers. Therefore, employees are highly encouraged to hold video conference call, if feasible, to avoid carbon footprints and air pollutant emissions contributed by means of transportation.

In addition to the daily energy conservation, the Company is committed to raise the awareness of preserving our environment by participating in the Earth Hour, a one-time event organized by World Wildlife Fund, to turn off all the lights for an hour on 24 March 2018. From this one-time event, the Company hopes to bring employees together and maintain such habit going forward both in their personal and work settings.

Water consumption

The Company does not face any water supply problem as it is provided by municipal to the office building, and controlled by the estate management company. Nevertheless, the Company always encourages employees to cherish valuable environmental resources, such as turning taps off tightly to prevent dripping and giving priority to effective water-saving products.

Waste reduction

Due to the business nature and operations, the Company does do not generate any hazardous waste as it is a financial institution. The majority of non-hazardous waste produced are general wastes and recyclable wastes, which seeds the design of the Company's mission — to reduce both general wastes and recyclable wastes as much as possible.

In order to reduce the general wastes, other than setting up recycling bins to collect the used paper products and arranging recycle company to collect the toner cartridges for recycling, "green office" concept is the trend in the office. For example, encouraging staffs to reduce the usage of one-off products and use clips to replace glue and glue stick. Also promoting to reuse the pen shafts by using refills instead of throwing away the whole ballpoint pens. For the purpose of reducing the recyclable wastes, the Company also puts in measures to encourage staffs in reducing the waste production, such as adopting an electronic system for documentation and filing, promoting electronic communications and "think before you print" attitude, and advising staffs to print the documents in smaller font size and adjust the print area before printing. Printers, computers and copiers are default to print double-sided and make double-sided copies. Electrical appliances are also selected with energy efficiency labels, such as refrigerators, if possible.

The Company is not aware of any non-compliance with the relevant laws and regulations during the Reporting Year.

B. Social

As a financial service provider, its employees' knowledge on the market and their investment expertise are the biggest assets of the Company in order to deliver value-added services to its customers. As a result, building a loyal and competent workforce is vital to the long-term success of the Company.

B1: Employment

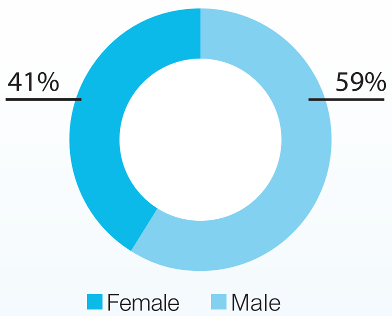
Information on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare

Equality and harmony are two essential components to compose a desirable work place. The Company is committed to ensure that these values are spread through the workplace, such that discrimination, sexual harassment and any unethical conducts do not exist. Being a supporter of fair opportunity, the Company welcomes the new employees regardless of their ethnic group, gender, age, marital status, disability, colour, religious affiliation, or other status. The scope of the policy includes but not limited to the hiring, promoting and terminating employees.

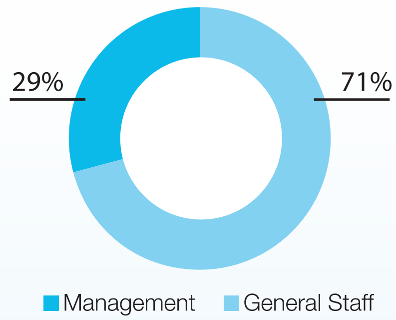
During the Reporting Year, the Company does not aware of any violations of the Hong Kong Bill of Rights Ordinance, Sex Discrimination Ordinances, Disability Discrimination Ordinance, Family Status Discrimination Ordinance and Race Discrimination Ordinance.

The workforce distribution as at 31 March 2018 were as follows:

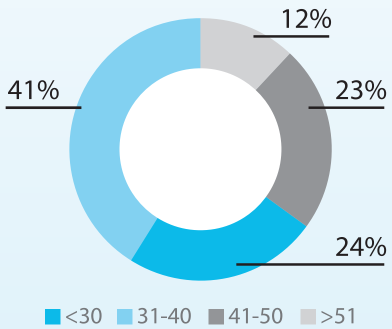
Percentage of Employees by Gender



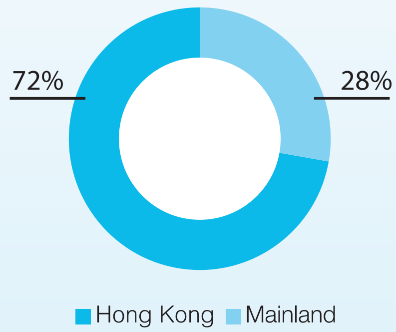
Percentage of Employees by Employment Type



Percentage of Employees by Age Group



Percentage of Employees by Geographical Region



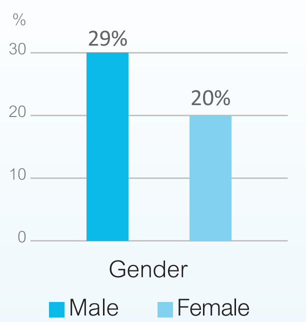
Working hours, Promotion, Compensation and other benefits
Employees contribute their knowledges and experiences to the Company. The Company recognizes their qualifications, experiences and work performances by offering attractive remuneration packages in return. In order to recognize their hard work throughout the year, remuneration packages are reviewed annually and bonuses are paid to the individual employees if appropriate.

Employees' well-being is always the top priority as well. To create a harmony atmosphere, the Company organizes certain social activities for its employees, such as monthly lunch gathering and hiking activities. These provide chances for the employees to get acquainted with each other. Apart from the adoption of five day work week, other benefits also include: causal Friday, subsidy for related training courses, insurance packages, maternity and compensation leave, sick leave and annual leave, qualification allowance, traveling allowance and Mandatory Provident Fund retirement benefits scheme, etc. If the staffs have to work overtime, they are allowed to reimburse the meal and traveling expenses.

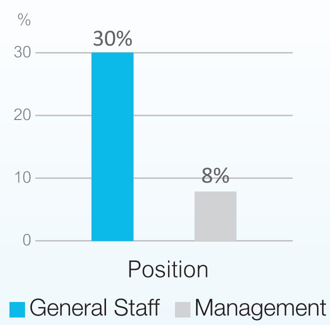
Termination
Everything comes with a reason, including making sorrowful decisions — resignation and dismissal. Upon the resignation, the Company would understand the reasons behind the departure so as to make endeavour to improve its working environment or remuneration packages through the exit interview. The Company would inform the reasons of dismissal to the relevant employees during the exit interview, and pay the severance payment and long service payment along with the last payment in accordance with the Employment Ordinance. The Company also notifies the Inland Revenue Department and the Mandatory Provident Fund trustee about the termination of employment in accordance with the Inland Revenue Ordinance and Mandatory Provident Fund Schemes Ordinance respectively.

Analysis on the employees turnover rate for the year ended 31 March 2018 were as follows:

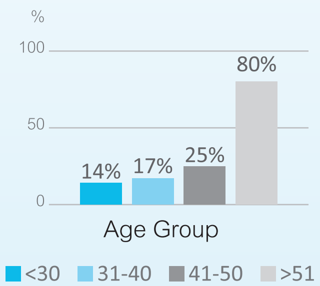
Employees Turnover Rate by Gender



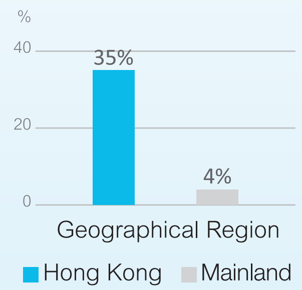
Employees Turnover Rate by Position



Employees Turnover Rate by Age Group



Employees Turnover Rate by Geographical Region



The Company will continue to optimize the annual appraisal, remuneration and welfare procedures, improve the office environment and organize different recreational activities to boost staff satisfaction and nurture their sense of belonging.

B2: Health and safety

Information on providing a safe working environment and protecting employees from occupational hazards

The Company's operations are carried out in office setting and no labour intensive work is involved, therefore, the occupational health and safety risk is relatively low. Although the risk is low, the Company stays vigilant to protect the health and safety of its employees in the working environment. There is no non-compliance with the Occupational Safety and Health Ordinance during the Reporting Year.

In order to protect the employees' healthiness, the Company purchases ergonomic chairs to reduce the chances of getting cervical pain and provide adequate lamps to relief eye strain. With inspecting any unsafe conditions daily, participating in fire drills organized by the properties management company regularly and setting up work arrangement for typhoon and rainstorm warning, the Company attempts to provide a safe working environment to its employees. Medical and employment injury insurance are also provided to eligible employees, and our insurance has extended to cover against losses or damages to the office contents, money, and public liability within the office premises.

During the Reporting Year, there was one work-related injury and suffered from 64 lost days. The Company compensated the related employee in accordance with the Employees Compensation Ordinance.

B3: Development and training

Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities

Professionalism and competency are the core intrinsic values that our employees are expected to hold. The Company is committed to provide as much training to the staffs such that they are professional and competent to provide the best services to the customers.

The first criteria of being professional is that they understand the standard and the applicable laws and regulations. As a licensed corporation under the SFC, the Company is subject to abide by the rules, regulations and statutory requirements of the SFC. In relation to such, the compliance officers regularly provide various trainings to employees, such as Anti-Money Laundering procedure and counter-terrorist financing.

Maintaining competencies imply that employees are able to exercise diligence and thoroughness in their regulated activities. In addition to the induction training for the new staff and on-job training, the Company also encourages employees to attend external training courses in order to enhance their competencies. Sponsorship is provided in return of their efforts in self-development and enrichment.

During the Reporting Year, the percentage of male and female employees trained are 57% and 23% respectively, and the percentage of the management and general staff trained are 64% and 34% respectively. In average, the training hours completed by male employees are 4.2 hours, and that of female employees are 1.9 hours. The average training hours of the management are 4.1 hours, while that of the general staff are 2.9 hours.

The Company will continuously encourage and provide various trainings to meet the expectations and necessities of the employees.

B4: Labour standards

Information on preventing child and forced labour

The Company considers human rights are fundamental rights which should be valued the most. Child or forced labour is strictly prohibited within the Company in accordance with the national and local laws and regulations. Background checks and reference checks are conducted during the hiring process to prevent any violations of the laws and regulations. During the Reporting Year, the Company has complied with the Employment of Children Regulations and no person under 15 was employed in respect of child or forced labour.

B5: Supply chain management

Policies on managing environmental and social risks of the supply chain

Although the suppliers are mainly general office supplies suppliers, the Company manages its supply chain for preventing any environmental and social risks. Prior to being contractually binded by the agreement, the Company conducts assessment based on myriads of criteria, including the attitude towards the environment and the society, any violations to the local and national laws and regulations in relation to unethical behaviour or other prohibited business practices, to evaluate the quality as well as the moral standards of the suppliers. If any inconsistency is found between requirements and their act, any cooperation will be terminated until improvement is noted. The Company does not aware that any suppliers had any actual and potential negative impact on business ethics, environment and society, nor any non-compliance with the local or national laws and regulations.

B6: Product responsibility

Information on health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress

Recalls, complaints received for service and products — As a financial service provider, the Company is committed to provide professional services to its clients. No complaint was received on the services provided by the Company during the Reporting Year.

Intellectual property right — The Company respects the efforts and wisdom of the innovators, therefore, the use of illegal software or anything without copyright/patents are prohibited, and it supports the use of legal and intangible assets with trademarks. Not only do these measures reserve the rights that are borne by the innovators, but also protect the Company from exposure to cyber security threats.

Quality assurance process — Maximizing customers' satisfaction is the Company's top priority. For the purpose of providing quality services and as required by the SFC, the Company keeps the voice record over the telephone and documentation record for 6 months and 7 years respectively in conducting security brokerage business. For every service provided, it employs responsible officers to overview the whole process.

Confidentiality — The service offerings require the Company to collect and make use of clients' personal data, such that it owes a duty to the clients to keep their data confidential. The Company strikes to protect clients' information, and exercise due care for using such information in the meantime. Before collecting the personal data from clients, the Company will notify them of the use of data during the securities account opening process. All personal data is considered highly restricted and confidential, and users can only access to those information on a need to know basis. Employees are also required not to disclose any information to third parties without proper and specific authority unless there is a legal or professional right or duty to do so. The privacy and security policies are reviewed on a regular basis as well. The Company did not receive any complaints in relation to the breach of client privacy and loss of clients' data during the Reporting Year.

B7: Anti-Corruption

Information on bribery, extortion, fraud and money laundering

The Company serves to maintain an ethical working environment not simply because it is a licensed corporation that are subject to laws and regulations, instead, it believes that maintaining high ethical standard is crucial to maintain the public's trust in the financial market and is beneficial to the society. High expectation is placed towards employees' moral and conduct and therefore, zero-tolerance approach is adopted for all kinds of corruption, bribery, forgery, extortion, conspiracy, embezzlement and collusion cases.

To prevent any money laundering and terrorist financing activities, the Company has established policies to outline the mechanism for identifying, monitoring and reporting any suspicious cases. Before entering into the transactions, the Company will perform "Know Your Clients" to verify the identity of clients with their personal identity documents. All employees undergo training with regard to the established policies.

The Company requires its employees to adhere to the anti-bribery policy which is embedded in the staff handbook, in order to promote integrity in workplace environment. All employees are prohibited from giving or accepting personal, commercial, regulatory or contractual advantage by using the excuse of work or the authority granted by the Company. These advantages include but not limited to money, gifts and hospitality. High expectation is placed towards the employees for maintaining the highest standards of integrity, impartiality and honesty. If any misconducts are found and proven, the Company will take disciplinary actions with no mercy and hesitation.

The Company provides channels for employees to report instances they believe to be unethical or in breach of legal or regulatory requirements. Suspected non-compliance cases may be reported to the department head, the Chief Executive Officer, the Chairman or any one of the independent executive Directors. Dedicated officers will investigate the reported cases with an internal or external party, whatever they consider appropriate. Throughout the investigation, all complaints are handled in a confidential and sensitive manner. Disciplinary action will be taken once guilty or misconduct is proven.

No legal case regarding corruption was charged against the Company during the Reporting Year.

B8: Community investment

Policies on community engagement to understand the needs of the communities where the Company operates and to ensure its activities take into consideration the communities' interests

The Company believes that community involvement could bring a positive return to both the society and the business. It continuously encourages the employees to actively participate in charitable activities and voluntary services coordinated by non-profit organizations. Besides, it also seeks for chances to sponsor or partner with other organizations, to hold charity events, arranging voluntary work for minorities, disabilities, kids and adults who are in special needs. The Company believes that promoting the awareness of corporate social responsibilities among its staffs would not only help the society and business in general, but also good for their personal growth.

Independent Auditor's Report

Grant Thornton
致同

To the members of China Fortune Financial Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Fortune Financial Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages 60 to 143, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

The Key Audit Matter	How the matter was addressed in our audit
Impairment of loan and trade receivables *Refer to note 22 to the consolidated financial statements and the key sources of estimation uncertainty in note 4*	
At reporting date, the Group has loan and trade receivables of approximately HK$344,880,000 which represents management's best estimate of ultimate collectible amount of loan and trade receivables net of individually assessed impairment of approximately HK$234,000 on aggregate. Considerable amount of judgment is required in arriving at impairment of loan and trade receivables based on, among others, aging analysis of accounts, valuation of underlying collaterals, and creditworthiness, financial conditions, past collection and any default history of customers. We have identified impairment of loan and trade receivables as a key matter to our audit considering materiality of the balances and the extent of judgment involved.	We inquired management regarding credit policies, and evaluated the controls that management has established to oversee and keep track of loan and trade receivables. Our audit procedures were designed to ensure sufficiency and appropriateness of impairment provisions and include below: — on a sample basis, tested the values of collaterals including pledged securities and properties of margin financing accounts and mortgage loans respectively; — on a sample basis, reviewed and questioned credit profiles and reports of selected customers; — reviewed subsequent settlements after year end; — reviewed individually impaired accounts for the rationale and indicators, and questioned the judgment leading to the impairment; and — tested arithmetical accuracy of the provision calculation including shortfalls of margin financing accounts.

KEY AUDIT MATTERS (Continued)

The Key Audit Matter	How the matter was addressed in our audit

Fair value valuation associated with convertible bonds

Refer to note 27 to the consolidated financial statements and the key sources of estimation uncertainty in note 4

In the current year, the Company issued convertible bonds of an aggregate principal amount of approximately HK$60,000,000 without issuer redemption rights, of which approximately HK$49,900,000 at amortised cost was outstanding at reporting date. Financial instrument valuation technique is employed in arriving the fair values of liability and equity components of this convertible bonds at issue dates. The carrying amounts of liability and equity components as well as the amounts recognised in profit or loss as a result of subsequent amortisation and derecognition are heavily affected by these fair values derived from valuation. We have identified fair value valuation associated with convertible bonds as a key matter to our audit considering materiality of its impact on the consolidated financial statements and the extent of judgment exercised and the significance of estimate made.	We reviewed and discussed with management regarding the Group's accounting policies relevant to convertible bonds, and ensured the proper application and interpretation of relevant accounting principles. We obtained reports from the valuation specialist employed by the Group and assessed its qualification and reputation. We reviewed the valuation methodology, and questioned, among other applicable models, the valuation model selected and the assumptions made. We challenged the assumptions made and benchmarks selected in arriving at, among others, risk free rate, required interest rate, stock market volatility, dividend yield and growth rate; and reconciled inputs to these calculations against convertible bond contract terms, company data and open market data.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2018 annual report of the Company, but does not include the consolidated financial statements and our auditor’s report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS 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 assisted by the Audit Committee are responsible for overseeing the Group’s financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion 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.

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

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

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

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

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

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

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

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

We communicate with 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.

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

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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

29 June 2018

Kwong Kam Wing Kelvin
Practising Certificate No.: P05373

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5,6	94,042	49,880
Cost of brokerage and other services		(15,948)	(11,164)
Other income	7	5,783	78,565
Gain on derivative component of convertible bonds	27	–	31,564
Reversal/(impairment) of impairment loss on loan and trade receivables	8	10,282	(2,749)
Change in fair value of investments held for trading		(8,038)	6,454
Staff costs	10	(60,148)	(51,601)
Other operating expenses		(53,813)	(50,516)
Finance costs	9	(42,126)	(25,977)
Share of profit of associates		7,768	6,434
Share of (loss)/profit of joint ventures		(26)	17
(Loss)/profit before tax	10	(62,224)	30,907
Income tax expense	11	(3,226)	–
(Loss)/profit for the year		(65,450)	30,907
Other comprehensive income/(expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		2,683	(454)
Share of other comprehensive income/(expense) of associates		8,998	(5,395)
Share of other comprehensive income/(expense) of joint ventures		98	(67)
Exchange differences reclassified to profit or loss upon disposal of a joint venture		–	(194)
		11,779	(6,110)
Total comprehensive (expense)/income for the year		(53,671)	24,797
		HK cents	HK cents
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
Basic	14	(0.95)	0.85
Diluted	14	(0.95)	0.84

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property and equipment	15	**13,890**	3,669
Goodwill	16	**3,994**	3,994
Loan receivables	22	**5,206**	7,494
Other non-current assets	17	**8,350**	6,840
Interests in associates	18	**99,914**	83,148
Interests in joint ventures	19	**1,158**	1,086
		132,512	106,231
Current assets			
Investments held for trading	20	**112,856**	109,298
Held-to-maturity investment	21	**60,302**	–
Loan and trade receivables	22	**339,674**	171,839
Other receivables, deposits and prepayments	23	**17,410**	14,380
Bank balances and cash — trust	24(a)	**210,353**	115,097
Bank balances and cash — general	24(b)	**480,823**	471,990
		1,221,418	882,604
Current liabilities			
Trade payables, other payables and accruals	25	**227,894**	125,079
Loan payables	26	**359,295**	130,404
Corporate bonds	28	**10,184**	3,944
Tax payable		**2,933**	720
		600,306	260,147
Net current assets		**621,112**	622,457
Total assets less current liabilities		**753,624**	728,688

Consolidated Statement of Financial Position (Continued)

As at 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Convertible bonds	27	223,481	290,696
Corporate bonds	28	154,377	160,326
		377,858	451,022
Net assets		375,766	277,666
Capital and reserves			
Share capital	29	70,861	40,367
Reserves		304,905	237,299
Total equity		375,766	277,666

XIE Zhichun
Chairman

LIU Yinan
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Convertible bond reserves HK$'000 (note 27)	Special reserve HK$'000 (note 30(a))	Capital reserve HK$'000 (note 30(b))	Other reserve HK$'000 (note 30(c))	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 April 2016	341,839	431,725	(2,071)	–	13,524	1,863	(2,315)	(675,900)	108,665	(1,125)	107,540
Profit for the year	–	–	–	–	–	–	–	30,907	30,907	–	30,907
Other comprehensive expense for the year:											
Exchange differences arising on translation of foreign operations	–	–	(454)	–	–	–	–	–	(454)	–	(454)
Share of other comprehensive expense of associates	–	–	(5,395)	–	–	–	–	–	(5,395)	–	(5,395)
Share of other comprehensive expense of joint ventures	–	–	(67)	–	–	–	–	–	(67)	–	(67)
Exchange differences reclassified to profit or loss upon disposal of a joint venture	–	–	(194)	–	–	–	–	–	(194)	–	(194)
Total comprehensive income for the year	–	–	(6,110)	–	–	–	–	30,907	24,797	–	24,797
Additional holding in a subsidiary	–	–	–	–	–	–	(1,125)	–	(1,125)	1,125	–
Issue of convertible bonds (note 27)	–	–	–	151,433	–	–	–	–	151,433	–	151,433
Issue of shares for convertible bonds exercised (note 27)	61,834	(16,008)	–	(51,930)	–	–	–	–	(6,104)	–	(6,104)
Capital reduction (note 29(a))	(363,306)	–	–	–	–	–	–	363,306	–	–	–
At 31 March 2017	40,367	415,717	(8,181)	99,503	13,524	1,863	(3,440)	(281,687)	277,666	–	277,666
At 1 April 2017	40,367	415,717	(8,181)	99,503	13,524	1,863	(3,440)	(281,687)	277,666	–	277,666
Loss for the year	–	–	–	–	–	–	–	(65,450)	(65,450)	–	(65,450)
Other comprehensive income for the year:											
Exchange differences arising on translation of foreign operations	–	–	2,683	–	–	–	–	–	2,683	–	2,683
Share of other comprehensive income of associates	–	–	8,998	–	–	–	–	–	8,998	–	8,998
Share of other comprehensive income of joint ventures	–	–	98	–	–	–	–	–	98	–	98
Total comprehensive expenses for the year	–	–	11,779	–	–	–	–	(65,450)	(53,671)	–	(53,671)
Issue of convertible bonds (note 27)	–	–	–	13,998	–	–	–	–	13,998	–	13,998
Issue of shares for convertible bonds exercised (note 27)	30,494	153,959	–	(46,680)	–	–	–	–	137,773	–	137,773
At 31 March 2018	70,861	569,676	3,598	66,821	13,524	1,863	(3,440)	(347,137)	375,766	–	375,766

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES			
(Loss)/profit before tax		**(62,224)**	30,907
Adjustments for:			
Bad debt written off on trade and other receivables		**171**	5,592
Gain on derivative component of convertible bonds	27	**–**	(31,564)
Depreciation	15	**1,023**	1,433
Dividend income		**(1,223)**	(157)
Finance costs	9	**42,126**	25,977
Gain on disposal of property and equipment		**(123)**	(125)
Gain on disposal of subsidiaries	31	**(180)**	(395)
Interest income		**(2,903)**	(51)
(Reversal)/impairment of impairment loss on loan and trade receivables	8	**(10,282)**	2,749
Loss on disposal of an associate	31	**–**	1,361
Net loss/(gains) on trading of listed securities		**8,038**	(10,474)
Gain on disposal of a joint venture	31	**–**	(73,000)
Share of profits of associates		**(7,768)**	(6,434)
Share of loss/(profit) of joint ventures		**26**	(17)
Translation reserve reclassified to profit or loss upon disposal of a joint venture		**–**	(194)
Operating cash flow before movements in working capital		**(33,319)**	(54,392)
Decrease in other non-current assets		**–**	45
Increase in investments held for trading		**(11,460)**	(79,101)
(Increase)/decrease in loan receivables		**(111,489)**	1,118
Decrease in factoring receivables		**–**	2,210
Increase in trade receivables		**(43,776)**	(39,224)
Increase in other receivables, deposits and prepayments		**(3,201)**	(8,073)
(Increase)/decrease in bank balances and cash-trust		**(95,256)**	20,118
Increase/(decrease) in trade payables, other payables and accruals		**99,380**	(101,518)
Dividend income received		**1,223**	157
Income tax paid		**(1,030)**	–
NET CASH USED IN OPERATING ACTIVITIES		**(198,928)**	(258,660)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
INVESTING ACTIVITIES			
Bond interest income received		1,511	–
Purchases of property and equipment	15	(11,221)	(2,465)
Purchases of investment held to maturity		(60,102)	–
Interest received		1,192	51
Proceeds on disposal of property and equipment		2,049	125
Proceeds from disposal of an associate	31(b)	–	1,218
Proceeds from disposal of subsidiaries	31(a)	–	4,852
Proceeds from disposal of a joint venture	31(c)	–	73,000
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		(66,571)	76,781
FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds		60,000	462,385
Repayment of a loan		(130,000)	–
Proceeds from issue of corporate bonds	28	–	47,000
Costs of issue of corporate bonds		–	(6,770)
Repayments on corporate bonds		(4,000)	(11,000)
Proceed from loans	26	360,000	130,000
Loans handling charges paid		(1,028)	–
Interest paid		(13,323)	(14,049)
NET CASH GENERATED FROM FINANCING ACTIVITIES		271,649	607,566
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,150	425,687
Effect of foreign currency translation		2,683	(454)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		471,990	46,757
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash — general	24(b)	480,823	471,990

Notes to the Consolidated Financial Statements

For the year ended 31 March 2018

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of this annual report.

The Company is an investment holding and its subsidiaries are principally engaged in securities and proprietary trading and insurance brokerage, margin financing, provision of corporate finance services and money lending services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company. Figures are rounded up to the nearest thousand unless otherwise specified.

These consolidated financial statements for the year ended 31 March 2018 were approved by the board of Directors on 29 June 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These annual consolidated financial statements have been prepared in accordance with 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**") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis except for:

– financial instruments classified as at fair value through profit or loss, and

– derivative financial instruments

which are stated at fair values. The measurement bases are fully described in the accounting policies below.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group 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 over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the 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 other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of 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, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions relating about relevant activities require the unanimous consent of the parties sharing control.

In consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the Group's interest in the associate or joint venture is carried at cost and adjusted for the post-acquisition changes in the Group's share of the associate or joint venture's net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of the associate or joint venture for the year, including any impairment loss on the investment in associate or joint venture recognised for the year. The Group's other comprehensive income for the year includes its share of the associate or joint venture's other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associate and joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Where unrealised losses on assets sales between the Group and its associate or joint venture are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Associates and joint ventures (Continued)

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses, unless classified as held for sale or included in a disposal group that is classified as held for sale.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Goodwill

Set out below are the accounting policies on goodwill arising on acquisition of a subsidiary. Accounting for goodwill arising on acquisition of investment in an associate or a joint venture is set out in note 2.3.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the aggregate of the fair value 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 Group's interest in the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets 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 equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units ("**CGUs**") and is tested annually for impairment (note 2.20).

On subsequent disposal of a subsidiary, the attributable amount of goodwill capitalised is included in the determination of the amount of gain or loss on disposal.

2.5 Derivative financial instruments

Derivative financial instruments, in individual contracts or separated from hybrid financial instruments, are initially recognised at fair value on the date the derivative contract is entered into and subsequently remeasured at fair value. Derivatives that are not designated as hedging instruments are accounted for as financial assets or financial liabilities at fair value through profit or loss. Gains or losses arising from changes in fair value are taken directly to profit or loss for the year.

2.6 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for services rendered in the normal course of business. 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 as follows:

Commission income for brokerage business of securities and futures dealing are recognised on a trade date basis when the services are provided.

Commission income from factoring services is recognised when the relevant arrangement commences.

Insurance brokerage, commission income, consultancy service income, underwriting commission income, placing commission income, securities handling fee income, advisory and other corporate finance service income are recognised when the services are provided.

Realised fair value gains or losses on securities trading are recognised on a trade date basis whilst unrealised fair value gains or losses are recognised on change in fair value at the end of the Reporting Year.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

2.8 Leases

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.

Classification of assets leased to the Group

Assets that are 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Leases (Continued)

Operating lease charges as the lessee

Where the Group has the right to use of assets held under operating leases, payments made under the leases are charged to profit or loss on a straight line basis over the lease terms except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

2.9 Foreign currency translation

The consolidated financial statements are presented in Hong Kong dollars (HK$), which is also the functional currency of the Company. Figures are rounded up to the nearest thousand unless otherwise specified.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into Hong Kong dollars. Assets and liabilities have been translated into Hong Kong dollars at the closing rates at the reporting date. Income and expenses have been converted into the Hong Kong dollars at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation have been treated as assets and liabilities of the foreign operation and translated into Hong Kong dollars at the closing rates.

On the disposal of a foreign operation (i.e., a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a joint venture that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Borrowing costs

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

2.11 Employee benefits

Retirement benefits

Retirement benefits to employees are provided through defined contribution plans.

The Group operates a defined contribution retirement benefit plans under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentages of its payroll costs to the central pension scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Short-term employee benefits

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

Non-accumulating compensated absences such as sick leave, maternity leave are not recognised until the time of leave.

2.12 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Accounting for income taxes (Continued)

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    (i) the same taxable entity; or

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

2.13 Property and equipment

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Property and equipment (Continued)

Depreciation on property and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold improvements	Over the lease term
Furniture and fixtures	25% per annum
Office equipments	25% per annum
Motor vehicles	25% per annum

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 the replaced part is derecognised. All other costs, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

2.14 Club membership debentures and regulatory deposits

The club membership debentures and regulatory deposits are stated at cost less subsequent accumulated impairment losses, if any.

2.15 Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intangible assets, with indefinite useful lives, are tested for impairment as described below in note 2.20.

2.16 Cash and cash equivalents

Cash and cash equivalents include cash at bank — general and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined in note 24.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Financial assets

The Group's accounting policies for financial assets other than investments in subsidiaries, associates and joint ventures are set out below.

Financial assets are classified into the following categories:

– held-to-maturity investment

– financial assets at fair value through profit or loss

– loans and receivables

– available-for-sale financial assets

Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Financial assets (Continued)

(ii) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include:

- Financial assets held for trading; and
- Financial assets designated upon initial recognition as at fair value through profit or loss

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term, or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent pattern of short-term profit-taking. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated at initial recognition as at fair value through profit or loss if the following criteria are met:

– the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis;

– the assets are part of a Group of financial assets which are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy and information about the Group of financial assets is provided internally on that basis to the key management personnel; or

– the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's policies in note 2.7 to these consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Financial assets (Continued)

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iv) Available-for-sale financial assets

Non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets are classified as available-for-sale financial assets.

For available-for-sale investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at each reporting date subsequent to initial recognition.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets 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 reorganisation;

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

– The disappearance of an active market for that financial asset because of financial difficulties; and

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

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Financial assets (Continued)

Impairment of financial assets (Continued)

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

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investment carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

(ii) Financial assets carried at cost

For financial assets carried at cost (including available-for-sale financial assets carried at costs), the amount of impairment loss is measured as the difference between the carrying amount of the financial assets and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of the impairment losses is recognised in profit or loss of the period in which the impairment occurs and not reversed in subsequent periods.

Impairment losses on financial assets other than financial assets at fair value through profit or loss and trade receivables that are stated at amortised cost, are written off against the corresponding assets directly. Where the recovery of trade receivables is considered doubtful but not remote, the impairment losses for doubtful receivables are recorded using an allowance account. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account in respect of that receivable 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.

Impairment losses recognised in an interim period in respect of unquoted equity securities carried at cost are not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Financial liabilities

The Group's financial liabilities includes trade payables, other payables and accruals, loan payables, corporate bonds and convertible bonds.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (note 2.10).

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Borrowings

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

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

Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

Convertible bonds issued by the Group that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate for similar non-convertible debts. The difference between the proceeds of the issue of the convertible bond and the fair value assigned to the liability component, representing the call option for conversion of the bond into equity, is included in equity as convertible bond reserve.

The liability component is subsequently carried at amortised cost using the effective interest method. The equity component will remain in equity until conversion or redemption of the bond.

When the bond is converted, the equity component of convertible bond and the carrying value of the liability component at the time of conversion are transferred to share capital as consideration for the shares issued. If the bond is redeemed, the convertible bond reserve is released directly to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Financial liabilities (Continued)

Trade and other payables

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

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount reported in the consolidated statement of financial position when, and only 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.

2.19 Provisions and contingent liabilities

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

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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 uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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 the 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 recognised in a comparable provision as described above. 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 as per above.

2.20 Impairment of non-financial assets

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of a subsidiary;
- Property and equipment;

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Impairment of non-financial assets (Continued)

- Other intangible assets; and

- The Company's interests in subsidiaries, associates and joint ventures

Goodwill and other intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Goodwill in particular is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not be larger than an operating segment.

Impairment losses recognised for CGUs, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Impairment losses recognised in an interim period in respect of goodwill 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (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) the entity and the Group 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 to the parent of the Group.

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

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2017

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2017.

- Amendments to HKAS 7 — *Disclosure Initiative*
- Amendments to HKAS 12 — *Recognition of Deferred Tax Assets for Unrealised Losses*
- Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle — *Disclosure of Interests in Other Entities*

Other than as noted below, the adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKAS 7 "Disclosure Initiative"

The amendments require an entity to provide disclosure 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. A reconciliation between the opening and closing balances of liabilities arising from financing activities is set out in note 39. Consistent with the transitional provisions of the amendments, the Group has not disclosed comparative information for the prior years. Except for the additional disclosure in note 39, the application of these amendments has had no impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, the following new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by 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*[3]

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

- 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 Contract*[1]
- Amendments to HKFRS 9 — *Prepayment Features with Negative Compensation*[2]
- Amendments to HKFRS 10 and HKAS 28 — *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
- Amendments to HKAS 40 — *Transfers of Investment Property*[1]
- Amendments to HKFRSs — *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 19 — *Plan Amendment, Curtailment or Settlement*[2]
- HK(IFRIC)-Int 22 — *Foreign Currency Transactions and Advance Consideration*[1]
- HK(IFRIC)-Int 23 — *Uncertainty over Income Tax Treatments*[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

HKFRS 9 *Financial instruments*

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

HKFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

HKFRS 9 *Financial instruments* (Continued)

The directors have identified the following areas that are expected to be most impacted by the application of HKFRS 9:

- the classification and measurement of the Group's financial assets. The Group holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. The directors expect the held-to-maturity investments to continue to be accounted for at amortised cost. Debt instruments classified as held-to-maturity investment, loan and trade receivables to customers in margin financing, loan receivables and trade receivables, convertible bonds and corporate bonds are carried at amortised cost as disclosed in notes 21, 22, 27 and 28: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9. Listed equity securities classified as investment held for trading carried at fair value as disclosed in note 20: these financial assets are held within a business model whose objective is achieved by selling the listed debt instruments in the open market. Accordingly, these listed debt instruments will continue to be measured at fair value through profit or loss. Unlisted equity securities classified under available-for-sale financial assets as disclosed in note 17(a): these securities qualified for designation as measured at fair value through other comprehensive income ("**FVTOCI**") under HKFRS 9, however, the Group would not elect the option for designating these securities to be measured at FVTOCI and will measure these securities at fair value with subsequent fair value gains or losses to be recognised in profit or loss. Upon initial application of HKFRS 9, net fair value gains relating to these securities would be adjusted to retained profits as at 1 April 2018. All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39; and

- 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.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the application of HKFRS 9 in the future will not have a material impact on the classification and measurement of the Group's financial assets and liabilities.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

HKFRS 15 "*Revenue from Contracts with Customers*"

HKFRS 15 presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue; at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

1. Identify the contract(s) with customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

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. 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.

HKFRS 15 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 April 2018 and the application of HKFRS 15 may result in more disclosures, however, it is not expected to have significant impact on amounts reported in the consolidated financial statements based on the assessment on the existing contracts with customers after taking into account the above core principle.

HKFRS 16 "*Leases*"

HKFRS 16 "Leases" will replace HKAS 17 and three related Interpretations.

As disclosed in note 2.8, currently the Group classifies leases into operating leases. The Group enters into leases as lessee.

3. ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

HKFRS 16 "*Leases*" (Continued)

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 a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee would 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 of office premises 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 38(a), as at 31 March 2018, the Group's future minimum lease payments under non-cancellable operating leases amount to approximately HK$40,649,000 for office premises. 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.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The standard offers different transitional options and practical expedients, including the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. If this practical expedient is chosen, the Group will apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. If the practical expedient is not chosen, the Group will need to reassess all of its decisions about which existing contracts are, or contain, leases, using the new definition. Depending on whether the Group elects to adopt HKFRS 16 retrospectively or follow a modified retrospective method of recognising a cumulative effect adjustment to the opening balance of equity at the date of initial application, the Group may or may not need to restate comparative information for any changes in accounting resulting from the reassessment.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$40,649,000 as disclosed in note 38(a). A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosures as indicated above.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 March 2018, the carrying amount of goodwill is approximately HK$3,994,000 (2017: HK$3,994,000). No impairment loss has been recognised as at 31 March 2018 and 2017. Details of the impairment testing on goodwill are set out in note 16.

Impairment of loan and trade receivables

The policy for impairment loss in respect of loan and trade receivables of the Group is based on the evaluation of collectability, aging analysis of accounts, the value of underlying collaterals and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of those client in default of settlement. If the financial conditions of debtors and their ability to make payment worsen, additional allowance may be required.

As at 31 March 2018, the carrying amount of trade receivables is approximately HK$190,603,000 (2017: HK$144,907,000), net of accumulated impairment losses of approximately HK$234,000 (2017: HK$3,542,000).

As at 31 March 2018, the carrying amount of loan receivables is approximately HK$154,277,000 (2017: HK$34,426,000). No impairment loss was recognised during the year ended 31 March 2018 (2017: net of accumulated impairment loss of approximately HK$8,601,000).

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

Key sources of estimation uncertainty (Continued)

Impairment loss recognised in respect of other receivables and deposits

The policy for impairment loss in respect of other receivables and deposits of the Group are based on the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of the 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 losses may arise.

As at 31 March 2018, the carrying amount of other receivables and deposits is approximately HK$15,444,000 (2017: HK$6,303,000). No impairment was recognised during the year ended 31 March 2018 (2017: nil).

Impairment of interests in associates

The Group determines whether the interests in associates are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the associates in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2018, the carrying amount of interests in associates is approximately HK$99,914,000 (2017: HK$83,148,000) and no impairment loss has been recognised (2017: nil).

Impairment of interests in joint ventures

The Group determines whether the interests in joint ventures are impaired required an estimation of the future cash flows expected to arise and the expected dividend yield from the joint ventures in order to calculate the present value. Where the actual future cash flows are less than expected, impairment loss may arise. As at 31 March 2018, the carrying amount of interests in joint ventures is approximately HK$1,158,000 (2017: HK$1,086,000). No impairment was recognised during the year ended 31 March 2018 (2017: nil).

Fair value of the derivative components and liability components of convertible bonds

The fair values of the derivative components and liability components of convertible bonds of approximately HK$nil and HK$46,002,000 (2017: HK$46,181,000 and HK$357,133,000) that are not traded in an active market are estimated by the Group based on the valuation performed by an independent valuer. The fair values of the derivative components and liability components of convertible bonds are valued using Binomial option pricing model and the contractual cash flows over the remaining contractual terms based on assumptions supported, where possible, by observable market prices or rates. A gain on early redemption of convertible bonds of approximately HK$nil (2017: HK$31,564,000) was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018. No carrying amount of derivative components of convertible bonds as at 31 March 2017 and 2018 due to convertible bonds converted by the holders. The carrying amount of the liability components of convertible bonds as at 31 March 2018 is approximately HK$223,481,000 (2017: HK$290,696,000). Further details are set out in note 27.

5. REVENUE

Revenue represents the net amounts received and receivable for services provided in the normal course of business. An analysis of the Group's revenue for the years ended 31 March 2018 and 2017 is as follows:

	2018 HK$'000	2017 HK$'000
Dividend income	1,223	157
Bond interest income	1,711	–
Income from securities brokerage business	33,085	9,193
Income from factoring business	–	3
Interest income from money lending business	9,368	7,715
Income from insurance brokerage business	1,621	3,784
Margin interest income from securities brokerage business	13,156	13,371
Net gains on trading of listed securities	–	4,056
Service income from corporate finance	33,829	11,601
Others	49	–
	94,042	49,880

6. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purpose of resources allocation and assessment of segment performance is focus on the type of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

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

1) The brokerage and margin financing segment engages in securities business and margin financing in Hong Kong;

2) The proprietary trading segment engages in proprietary trading of securities;

3) The corporate finance segment engages in the provision of corporate finance services in Hong Kong;

4) The money lending and factoring segment engages in the provision of money lending and factoring services in Hong Kong; and

5) The consultancy and insurance brokerage segment engages in the provision of consultancy service and insurance brokerage in Hong Kong.

6. SEGMENT INFORMATION (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 2. Segment profit/(loss) represents the profit/(loss) from each segment without allocation of central administration expenses, Directors' remunerations, and certain other operating income (interest income and gains on investments held for trading). This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. Inter-segment sales are charged at prevailing market prices.

Information regarding the above segments is reported below.

Segment revenue and results

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

	Brokerage and margin financing		Proprietary trading		Corporate finance		Money lending and factoring		Consultancy and insurance brokerage		Inter-segment elimination		Consolidated	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Revenue														
External revenue	47,952	22,564	1,223	4,213	33,829	11,601	9,368	7,718	1,670	3,784	–	–	94,042	49,880
Inter-segment revenue	–	–	–	–	250	1,670	–	–	300	4,122	(550)	(5,792)	–	–
	47,952	22,564	1,223	4,213	34,079	13,271	9,368	7,718	1,970	7,906	(550)	(5,792)	94,042	49,880
Interest income	41	48	1	1	–	–	–	–	7	–	–	–	49	49
(Loss)/profit on investments held for trading	–	–	(8,038)	6,454	–	–	–	–	–	–	–	–	(8,038)	6,454
Finance costs	(37)	(48)	–	–	–	–	–	–	–	–	–	–	(37)	(48)
Others	(18,521)	(12,749)	(626)	(373)	(21,710)	(24,324)	6,965	(10,650)	(10,616)	(9,695)	–	5,792	(44,508)	(51,999)
Segment profit/(loss)	29,435	9,815	(7,440)	10,295	12,369	(11,053)	16,333	(2,932)	(8,639)	(1,789)	(550)	–	41,508	4,336
Unallocated operating income													1,391	607
Unallocated operating expense													(71,079)	(59,642)
Unallocated other income, gains or losses													303	73,520
Gain on derivative component of convertible bonds													–	31,564
Share of profit of associates													7,768	6,434
Share of (loss)/profit of joint ventures													(26)	17
Finance costs													(42,089)	(25,929)
(Loss)/profit before tax													(62,224)	30,907

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

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

	2018 HK$'000	2017 HK$'000
Segment assets		
Brokerage and margin financing	501,034	419,457
Proprietary trading	123,014	26,489
Corporate finance	21,350	9,985
Money lending and factoring	158,449	35,699
Consultancy and insurance brokerage	10,735	1,715
Total segment assets	814,582	493,345
Unallocated	539,348	495,490
Consolidated assets	1,353,930	988,835
Segment liabilities		
Brokerage and margin financing	217,477	121,038
Proprietary trading	146	136
Corporate finance	2,567	1,575
Money lending and factoring	373	53
Consultancy and insurance brokerage	3,266	590
Total segment liabilities	223,829	123,392
Unallocated	754,335	587,777
Consolidated liabilities	978,164	711,169

6. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

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

- all assets are allocated to operating segments other than certain property and equipment for general operations, other non-current assets, interests in associates and joint ventures, certain other receivables, deposits and prepayments and certain bank balances and cash-general; and

- all liabilities are allocated to operating segments other than certain other payables and accruals, liability component of convertible bonds, corporate bonds, loan and tax payable.

Other segment information

	Brokerage and margin financing		Proprietary trading		Corporate finance		Money lending and factoring		Consultancy and insurance brokerage		Unallocated		Consolidated	
	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000	2018 HK$'000	2017 HK$'000
Amounts included in the measure of segment results or segment assets:														
Additions to non-current assets (exclude financial instruments)	–	18	–	–	36	–	–	–	–	–	13,134	2,447	13,170	2,465
Bad debt written off	–	5,371	–	–	–	–	–	–	116	–	55	221	171	5,592
Depreciation	187	190	795	–	5	–	–	–	2	–	34	1,243	1,023	1,433
Reversal of impairment loss recognised in respect of trade receivables	(1,920)	(7,417)	–	–	–	–	–	–	–	–	–	–	(1,920)	(7,417)
Reversal of impairment loss recognised in respect of loan receivable	–	–	–	–	–	–	(8,362)	–	–	–	–	–	(8,362)	–
Impairment loss recognised in respect of trade receivables	–	1,565	–	–	–	–	–	–	–	–	–	–	–	1,565
Impairment loss recognised in respect of loan receivables	–	–	–	–	–	–	–	8,601	–	–	–	–	–	8,601
Gain on disposal of property and equipment	–	(125)	–	–	–	–	–	–	–	–	(123)	–	(123)	(125)

The amounts regularly provided to the chief operating decision maker but not included in the measure of segment results or segment assets are not material for both years ended 31 March 2018 and 2017.

6. SEGMENT INFORMATION (Continued)

Information about major customers

Revenue of approximately HK$9,946,000 was derived from a customer that contributed approximately 10.58% to the Group's aggregate revenue for the year ended 31 March 2018 (No customer individually contributed over 10% of the Group's aggregate revenue for the year ended 31 March 2017).

Geographical information

The Group's operations are mainly located and carried out in Hong Kong. Accordingly, no geographical information related to revenue has been presented. The following table sets out information about the Group's property and equipment, other non-current assets, goodwill, interests in associates and joint ventures ("**specified non-current assets**"). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property and equipment, the location of the operation to which they are allocated, in the case of goodwill, and the location of operations, in the case of interests in associates and joint ventures.

	2018 HK$'000	2017 HK$'000
Hong Kong	93,723	78,108
The PRC	33,583	20,629
	127,306	98,737

7. OTHER INCOME

	Notes	2018 HK$'000	2017 HK$'000
Handling fee income		2,362	3,357
Interest income from financial institutions		1,192	51
Gain on disposal of subsidiaries	31	180	395
Management fee income		–	190
Gain on disposal of property and equipment		123	125
Exchange gain, net		–	109
Sundry income		1,926	1,144
Gain on disposal of a joint venture	31	–	73,000
Translation reserve reclassified to profit or loss upon disposal of a joint venture		–	194
		5,783	78,565

8. REVERSAL/(IMPAIRMENT) OF IMPAIRMENT LOSS ON LOAN AND TRADE RECEIVABLES

	Notes	2018 HK$'000	2017 HK$'000
Reversal of impairment loss on trade receivables	22(a)	1,920	7,417
Reversal of impairment loss on loan receivables	22(b)	8,362	–
Impairment loss on trade receivables	22(a)	–	(1,565)
Impairment loss on loan receivables	22(b)	–	(8,601)
		10,282	(2,749)

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interests on bank and loan payables	1,690	4,891
Interests on corporate bonds	15,880	15,882
Interests on convertible bonds	24,556	5,204
	42,126	25,977

10. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax after charging:

	Notes	2018 HK$'000	2017 HK$'000
Auditor's remuneration		832	960
Bad debt written off on trade and other receivables		171	5,592
Depreciation	15	1,023	1,433
Exchange losses, net		1,277	–
Operating lease payments		19,185	13,179
Loss on disposal of an associate	31(b)	–	1,361
Staff costs:			
— Directors' remunerations	12(a)	14,240	8,363
— salaries and allowance		44,593	42,236
— retirement benefit scheme contributions (excluding Directors)		1,315	1,002
		60,148	51,601

11. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current tax		
— Hong Kong		
Current year	2,189	–
Under provision in respect of prior years	1,030	–
	3,219	–
— PRC		
Current tax	7	–
Total income tax expense	3,226	–

Hong Kong Profits Tax has been provided at the rate of 16.5% in the estimated assessable profit for the year ended 31 March 2018.

No Hong Kong Profits Tax has been provided as the Group's assessable profit for the year ended 31 March 2017 has been fully absorbed by the tax losses brought forward from prior years.

The tax charge for the years can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
(Loss)/profit before tax	(62,224)	30,907
Tax at domestic income tax rate of 16.5% (2017: 16.5%)	(10,266)	5,100
Tax effect of expenses not deductible for tax purpose	2,504	15,467
Tax effect of incomes not taxable for tax purpose	(888)	(31,357)
Tax effect of share of profit of associates	(1,282)	(1,062)
Tax effect of share of loss/(profit) of joint ventures	4	(3)
Under provision in respect of final tax assessment	2,520	–
Under provision in respect of prior years	1,030	–
Effect of different tax rates of PRC branches	7	–
Utilisation of tax losses not recognised in previous years	(8,911)	(2,928)
Tax effect of tax losses not recognised	18,508	14,783
Tax for the year	3,226	–

11. INCOME TAX EXPENSE (Continued)

At 31 March 2018, the Group had estimated unused tax losses of approximately HK$400,510,000 (2017: HK$342,670,000) available for offset against future profits, the tax losses are subject to the agreement by the Hong Kong Inland Revenue Department (the "**IRD**"). No deferred tax asset recognised for the years ended 31 March 2018 and 2017.

During the year 31 March 2017, arose from tax losses of approximately HK$12 million which amount is estimated by the Group on the same basis in the objection lodged to the IRD. The objection was in response to IRD's re-assessments raised against the Group's year of assessment prior to 31 March 2016. The Group had purchased tax reserve certificates with an aggregate amount of approximately HK$7,883,000 in August 2016 as directed by the Commissioner of the IRD. During the year 31 March 2018, the final tax assessment was issued by IRD. The related tax losses carried forward are utilised and the remaining tax reserve certificates were refunded after offset the tax payment of the disputation.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No provision for the PRC EIT has been made for subsidiaries established in the PRC as these subsidiaries did not have any assessable profits subject to PRC EIT Law during both years.

Tax losses of approximately HK$6,761,000 (2017: HK$6,125,000) attributable to certain subsidiaries in the PRC had an expiry period of five years. During the year, tax loss approximately, HK$324,000 have been expired. The remaining tax losses of approximately HK$393,749,000 (2017: HK$336,545,000) do not expire under current tax legislation.

Under the New EIT Law, withholding tax is imposed on dividends in respect of profits earned by the PRC subsidiaries, associates and joint ventures from 1 January 2008 onwards (the "**Post-2008 Earnings**"). As at 31 March 2018 and 2017, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the Post-2008 Earnings. The Group did not have any material Post-2008 Earnings as at 31 March 2018 and 2017.

12. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATIONS

(a) Directors' remunerations

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

	Year ended 31 March 2018			
Name of Directors	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Chairman				
XIE Zhichun (note a)	120	7,880	18	8,018
Executive Directors				
HUA Yang (note i)	252	218	–	470
HAN Hanting (note j)	58	1,244	13	1,315
LIU Yinan (note k)	93	934	21	1,048
HON Chun Yu (note d)	62	1,159	9	1,230
FU Wan Sheung (note f)	62	375	9	446
Non-executive Directors				
WU Ling	600	–	–	600
TANG Baoqi	360	–	–	360
Independent Non-executive Directors				
CHAN Kin Sang	216	–	–	216
NG Kay Kwok	216	–	–	216
CHIU Kung Chik (note h)	216	–	–	216
LI Gaofeng (note l)	105	–	–	105
	2,360	11,810	70	14,240

12. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATIONS (Continued)

(a) Directors' remunerations (Continued)

	Year ended 31 March 2017			
Name of Directors	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits schemes HK$'000	Total HK$'000
Chairmans				
XIE Zhichun (note a)	28	1,864	5	1,897
WONG Kam Choi MH (note b)	90	1,426	15	1,531
Executive Directors				
NG Cheuk Fan, Keith (note c)	30	1,335	6	1,371
HON Chun Yu (note d)	120	960	18	1,098
XIA Yingyan (note e)	30	194	5	229
FU Wan Sheung (note f)	88	526	14	628
Non-executive Directors				
WU Ling	600	–	–	600
TANG Baoqi	360	–	–	360
Independent Non-executive Directors				
CHAN Kin Sang	216	–	–	216
NG Kay Kwok	216	–	–	216
TAM B Ray Billy (note g)	210	–	–	210
CHIU Kung Chik (note h)	7	–	–	7
	1,995	6,305	63	8,363

There were no bonuses paid or payable by the Group to the Directors which were discretionary or were based on the Group's or any member of the Group's performance for the years ended 31 March 2018 and 2017.

12. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATIONS (Continued)

(a) Directors' remunerations (Continued)

Notes:

a. Appointed as an executive Director and chairman of the Board with effect from 6 January 2017.

b. Resigned all his offices in the Company with effect from 6 January 2017.

c. Resigned all his offices in the Company with effect from 8 July 2016.

d. Resigned all his offices in the Company with effect from 6 October 2017.

e. Resigned all his offices in the Company with effect from 6 July 2016.

f. Appointed as an executive Director with effect from 8 July 2016. Fu Wan Sheung resigned all her offices in the Company with effect from 6 October 2017.

g. Resigned all his offices in the Company with effect from 21 December 2016.

h. Appointed as an independent non-executive Director with effect from 20 March 2017.

i. Appointed as a non-executive Director with effect from 6 October 2017. Hua Yang was re-designed from a non-executive Director to an executive Director and was appointed as the Chief Executive Officer of the Company with effect from 5 March 2018.

j. Appointed as an executive Director with effect from 6 October 2017.

k. Appointed as an executive Director with effect from 21 June 2017.

l. Appointed as an independent non-executive Director with effect from 6 October 2017.

There was no arrangement under which Directors waived or agreed to waive any remunerations for the years ended 31 March 2018 and 2017. No remunerations have been paid to the Directors of the Company as inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2018 and 2017.

12. DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATIONS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included, two (2017: one) Director of the Company whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2017: four) individuals during the year are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	16,319	11,372
Retirement benefits scheme contributions	72	66
	16,391	11,438

The emoluments of the remaining three (2017: four) highest paid employees fall in the following bands:

	Number of individuals 2018	 2017
Emolument bands		
HK$1,000,001 to HK$1,500,000	–	–
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	–	1
HK$2,500,001 to HK$3,000,000	–	1
HK$3,000,001 to HK$3,500,000	–	2
HK$3,500,001 to HK$4,000,000	–	–
HK$4,000,001 to HK$4,500,000	–	–
HK$4,500,001 to HK$5,000,000	1	–
HK$5,000,001 to HK$5,500,000	–	–
HK$5,500,001 to HK$6,000,000	1	–
HK$6,000,001 to HK$6,500,000	1	–
	3	4

13. DIVIDEND

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

14. (LOSS)/EARNINGS PER SHARE

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

	2018 HK$'000	2017 HK$'000
(Loss)/profit		
(Loss)/profit for the purpose of basic (loss)/earnings per share	(65,450)	30,907
Adjustment for the profit and loss effect of convertible bonds	–	199
(Loss)/profit for the purpose of diluted (loss)/earnings per share	(65,450)	31,106

	2018 '000	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	6,860,511	3,641,933
Effect of dilutive potential ordinary shares:		
Convertible bonds	–	35,616
	6,860,511	3,677,549

The calculation of diluted loss per share for the year ended 31 March 2018 does not assume the exercise of the Company's outstanding conversion of outstanding convertible bonds which had anti-dilutive effect and would result in a reduction in loss per share. Therefore, the diluted loss per share is the same as the basic loss per share for the year.

15. PROPERTY AND EQUIPMENT

	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipments HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 April 2016	8,269	1,317	1,416	10,871	21,873
Additions	176	60	–	2,229	2,465
Disposals	–	–	–	(2,366)	(2,366)
At 31 March 2017 and 1 April 2017	8,445	1,377	1,416	10,734	21,972
Additions	11,486	1,062	622	–	13,170
Disposals	(8,540)	(1,299)	(853)	(7,793)	(18,485)
At 31 March 2018	11,391	1,140	1,185	2,941	16,657
Accumulated depreciation					
At 1 April 2016	8,269	1,307	1,287	8,373	19,236
Provided for the year	33	14	52	1,334	1,433
Eliminated on disposal	–	–	–	(2,366)	(2,366)
At 31 March 2017 and 1 April 2017	8,302	1,321	1,339	7,341	18,303
Provided for the year	212	42	79	690	1,023
Eliminated on disposal	(8,360)	(1,272)	(819)	(6,108)	(16,559)
At 31 March 2018	154	91	599	1,923	2,767
Carrying values					
At 31 March 2018	**11,237**	**1,049**	**586**	**1,018**	**13,890**
At 31 March 2017	143	56	77	3,393	3,669

16. GOODWILL

	2018 HK$'000	2017 HK$'000
At 1 April 2016, 31 March 2017 and 31 March 2018	**3,994**	3,994

Goodwill of approximately HK$3,994,000 was attributable to the acquisition of Fortune Financial Capital Limited in previous years.

The carrying amount of goodwill is allocated to the corporate finance segment. No impairment loss has been recognised as at 31 March 2018 and 2017.

Impairment test on goodwill

Corporate finance segment

The recoverable amount of corporate finance operation is determined from value in use calculations using cash flow projections based on financial budget approved by the management covering five-year period with average growth rate of 9.15% (2017: 14.76%), zero growth rate is applied to extrapolate the cash flows beyond five-year period during the years ended 31 March 2018 and 2017. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. The discount rate applied to the cash flow projections is 17.55% (2017: 16.70%). Other key assumptions for the value in use calculation related to the estimation of cash inflows and outflows which include budgeted sales and budgeted net profit margin. This estimation is determined based on the unit's past performance and management's expectation for the market development.

Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of corporate finance operation to exceed the aggregate recoverable amount of corporate finance operation.

17. OTHER NON-CURRENT ASSETS

	Notes	2018 HK$'000	2017 HK$'000
Club membership debentures		**6,610**	6,610
Regulatory deposits		**230**	230
Available-for-sale financial assets	(a)	**1,510**	–
Intangible asset	(b)	**–**	–
		8,350	6,840

17. OTHER NON-CURRENT ASSETS (Continued)

The club membership debentures are unlisted, non-interest bearing, and carried at cost.

The regulatory deposits were made with the Stock Exchange and Hong Kong Securities Clearing Company Limited ("**HKSCC**"), and required for the Group to conduct regulated businesses in Hong Kong.

(a) Available-for-sale financial assets

	2018 HK$'000	2017 HK$'000
Unlisted equity securities, at cost	2,018	508
Less: Impairment	(508)	(508)
	1,510	–

For the year ended 31 March 2018, the Group invested at 1% equity interest each in three unlisted equity securities at partnership and at a consideration of HK$1,510,000.

The financial assets classified as available-for-sale are unlisted equity instruments, and carried at cost less impairment at reporting date. Due to the wide range of reasonable fair value estimates, the Directors of the Company are of the opinion that their fair value cannot be measured reliably.

(b) Intangible asset

	License right HK$'000
At 1 April 2016, 31 March 2017 and 31 March 2018	
Cost	2,261
Accumulated impairment	(2,261)
	–

The intangible asset represents a license right acquired as part of a business combination of a subsidiary. The license carries a right to conduct asset management business in Hong Kong, and has no foreseeable limit to the period over which the Group can use to generate net cash flows. As a result, the license right is considered by the management of the Group as having an indefinite useful life and is not amortised. It is tested for impairment annually and whenever there is an indication that it may be impaired.

17. OTHER NON-CURRENT ASSETS (Continued)

(b) Intangible asset (Continued)

Impairment review on the intangible asset

The basis of the recoverable amounts of the intangible assets and its major underlying assumptions are summarised below:

During the years ended 31 March 2018 and 2017, the Directors of the Company conducted a review of the Group's license right and determined that no benefits would be generated from the license right in the foreseeable future. The asset management business is not yet to be commenced during both years ended 31 March 2018 and 2017 and the Directors of the Company expected that the business will not be started in the near future, therefore, the carrying amount of the license right was fully impaired.

18. INTERESTS IN ASSOCIATES

	2018 HK$'000	2017 HK$'000
Cost of investments in unlisted associates	64,131	64,131
Share of post-acquisition profits and other comprehensive income	35,783	19,017
	99,914	83,148

18. INTERESTS IN ASSOCIATES (Continued)

Set out below are the particulars of the principal associates as at 31 March 2018 and 2017 in the opinion of the directors of the Company, to give details of other associates would result in particulars of excessive length:

Name of entity	Form of entity	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of nominal value of issued capital held by the Group		Proportion of voting right held by the Group at board level		Principal activities
				2018	2017	2018	2017	
Starlight Financial Holdings Limited ("**Starlight**")	Limited liability company	Hong Kong	234,000,000 ordinary shares	25%	25%	33% (note 1)	33% (note 1)	Investment holding
City Eagle Holdings Limited	Limited liability company	Hong Kong	100 ordinary shares	25%	25%	33%	33%	Investment holding
Chongqing Liangjiang New Area Runtong Small Loans Business Limited* ("**Runtong**")	Limited liability company	The PRC	Registered capital of USD30,000,000	25%	25%	33%	33%	Provision of secured financing services and microfinance services in Chongqing of the PRC
China Runking Financing Group Limited	Limited liability company	Hong Kong	1 ordinary shares	25%	25%	33%	33%	Provision of loan financing services
Wine Financier Limited (note 2)	Limited liability company	Hong Kong	10,000 ordinary shares	–	25%	–	33%	Provision of loan financing services

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

China Runking Financing Group Limited, City Eagle Holdings Limited and Runtong are wholly-owned subsidiaries of Starlight.

Notes:

1. The Group is able to exercise significant influence over Starlight and its subsidiaries ("**Starlight Group**") because it has the power to appoint two out of the six directors of that company under the provisions stated in the shareholders' agreement.

2. Wine Financier Limited was disposed to the shareholder of Starlight Group on 1 February 2018 at the consideration of HK$10,000.

As at 31 March 2018, included in the cost of investments in associates was goodwill of approximately HK$4,052,000 (2017: HK$4,052,000) arising on the acquisition of associates.

18. INTERESTS IN ASSOCIATES (Continued)

Material associates

Starlight Group

The summarised financial information in respect of the Group's material associates, Starlight Group, which is accounted for using the equity method is set out below. The summarised financial information below represented amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

	2018 HK$'000	2017 HK$'000
Current assets	498,463	368,971
Non-current assets	21,446	47,226
Total assets	519,909	416,197
Current liabilities	135,667	56,415
Non-current liabilities	793	602
Total liabilities	136,460	57,017

	Year ended 31 March 2018 HK$'000	Year ended 31 March 2017 HK$'000
Revenue	77,798	91,632
Profit for the year	31,072	25,851
Other comprehensive income/(expense) for the year	35,990	(20,321)
Total comprehensive income for the year	67,062	5,530

18. INTERESTS IN ASSOCIATES (Continued)

Material associates (Continued)

Starlight Group (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Net assets of the associate	**383,449**	359,180
Non-controlling interests	**–**	(42,793)
	383,449	316,387
Proportion of the Group's ownership in Starlight Group	**25%**	25%
	95,862	79,096
Goodwill	**4,052**	4,052
Carrying amount of the Group's interest in Starlight Group	**99,914**	83,148

Prior Capital Limited

During the year ended 31 March 2017, Prior Capital Limited ("**Prior Capital**") was disposed and the carrying amount as of the date of disposal was below:

	As at date of disposal (note 31(b)) HK$'000
Net assets of the associate	**1,632**
Proportion of the Group's ownership interest in Prior Capital	**25%**
	408
Goodwill	**2,171**
Carrying amount of the Group's interest in Prior Capital	**2,579**

18. INTERESTS IN ASSOCIATES (Continued)

Other associate

Other associate not individually material consists only Beijing Sapiential & Golden Resources Public Relations Consultant Co., Ltd, which had been disposed of during the year ended 31 March 2017 (see note 31(a)). At the end of the year ended 31 March 2018 and 2017, associates of the Group consist only Starlight Group disclosed above.

19. INTERESTS IN JOINT VENTURES

	2018 HK$'000	2017 HK$'000
Cost of investments in unlisted joint ventures	1,415	1,415
Share of post-acquisition losses and other comprehensive expenses	(257)	(329)
	1,158	1,086

Details of the joint ventures as at 31 March 2018 and 2017 are as follows:

Name of entity	Form of entity	Place of incorporation and operation	Particulars of issued and paid up capital	Percentage of nominal value of issued capital held by the Group 2018	2017	Proportion of voting right held by the Group at board level 2018	2017	Principal activities
Shenzhen Qianhai Fortune Financial Service Company Limited* ("**Qianhai Fortune Financial**")	Limited liability company	the PRC	Registered capital of RMB754,000	30%	30%	40%	40%	Provision of corporate financial consultancy service
Shenzhen Qianhai Fortune Equity Investment Management Co., Ltd.* ("**Qianhai Fortune Equity**")	Limited liability company	the PRC	Registered capital of RMB2,989,000	30%	30%	40%	40%	Inactive

* The English transliteration of the Chinese name in this annual report, where indicated, is included for information purpose only, and should not be regarded as the official English name of such Chinese name.

The Group holds 30% of equity interests of Qianhai Fortune Financial and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Financial should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Financial is regarded as joint ventures of the Group.

19. INTERESTS IN JOINT VENTURES (Continued)

The Group holds 30% of equity interests of Qianhai Fortune Equity and controls 40% of the voting power in the board meeting. Under a shareholders' agreement, the major financing and operational decisions of Qianhai Fortune Equity should be unanimously approved by the Group and other venturers. Therefore, Qianhai Fortune Equity is regarded as joint ventures of the Group.

Measure Up International Limited and its subsidiaries ("Measure Up Group")

During the year ended 31 March 2017, Measure Up Group was disposed of and the carrying amount as of the date of disposal was below:

	As at date of disposal (note 31(c)) HK$'000
Net assets of the joint venture	20,126
Proportion of the Group's ownership interest in Measure Up Group	35%
	7,044
Less: Impairment loss	(7,044)
Carrying amount of the Group's interest in Measure Up Group	–

The financial information and carrying amount, in aggregate, of the Group's interests in joint ventures that are not individually material and are accounted for using equity method are set out below:

	2018 HK$'000	2017 HK$'000
The Group's share of (loss)/profit	**(26)**	17
The Group's share of other comprehensive income/(expense)	**98**	(67)
The Group's share of total comprehensive income/(expense)	**72**	(50)

	2018 HK$'000	2017 HK$'000
Carrying amount of the Group's interests in immaterial joint ventures	**1,158**	1,086

20. INVESTMENTS HELD FOR TRADING

	2018 HK$'000	2017 HK$'000
Listed investments		
— Equity securities listed in Hong Kong	112,856	109,298

The fair values of the above listed securities are determined based on the quoted market bid prices available on the Stock Exchange.

21. HELD-TO-MATURITY INVESTMENT

The 5% coupon bond is not publicly traded and will be matured on 6 September 2018. It cannot be traded before maturity.

The bond is subject to credit risk. Information on the Company's exposure to credit risk is described in note 34(b).

The carrying amount of this held-to-maturity investment is as follows:

	2018 HK$'000	2017 HK$'000
5% coupon bond	60,302	–

22. LOAN AND TRADE RECEIVABLES

Loan and trade receivables comprise i) trade receivables arising from security brokerage business and other businesses and ii) loan receivables arising from money lending business.

	Notes	2018 HK$'000	2017 HK$'000
Trade receivables	a)	190,603	144,907
Loan receivables — current	b)	149,071	26,932
		339,674	171,839
Loan receivables — non current	b)	5,206	7,494
		344,880	179,333

22. LOAN AND TRADE RECEIVABLES (Continued)

(a) Trade receivables

The followings are the balances of trade receivables, net of impairment losses:

	2018 HK$'000	2017 HK$'000
Trade receivables from security brokerage business		
— cash clients	333	705
— HKSCC	2,860	–
— margin clients	172,943	144,983
Trade receivables from other businesses	14,701	2,761
	190,837	148,449
Less: Impairment loss	(234)	(3,542)
	190,603	144,907

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. The Group allows an average credit period of 30 days to its trade customers of other business. Also the settlement terms of HKSCC is 2 trading days after the transaction dates.

No aging analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, and only fall due on conditions or on demand by the Group. The Directors of the Company consider that an aging analysis does not give additional value in the view of the value of business of margin financing.

The following is an aging analysis of trade receivables (excluding margin clients), net of impairment losses, as at 31 March 2018 and 2017 based on the invoice date which approximated the respective revenue recognition dates was as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days	17,722	1,413
31 to 60 days	100	49
61 to 90 days	10	31
Over 90 days	62	584
	17,894	2,077

22. LOAN AND TRADE RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Trade receivables from cash and margin clients are secured by the clients' pledged securities at quoted market value of approximately HK$1,416,859,000 (2017: HK$1,228,702,000) which could be realised at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. The trade receivables from cash and margin clients are repayable on demand and bear interest at commercial rates. As at 31 March 2018, included in the total trade receivables, approximately HK$164,941,000 (2017: HK$136,922,000) were interest bearing whereas approximately HK$25,662,000 (2017: HK$7,985,000) were non-interest bearing. There is no re-pledge of the collateral from margin clients in both years.

In determining the recoverability of the trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the reporting date.

Included in trade receivables are debtors with aggregate carrying amount of approximately HK$355,000 (2017: HK$837,000) which were past due as at 31 March 2018 for which the Group has not provided for impairment loss.

In respect of trade receivables (excluded margin clients) which are past due but not impaired as at 31 March 2018 and 2017, the aging analysis (subsequent to the settlement date) are as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days	185	214
31 to 60 days	107	31
61 to 90 days	1	11
Over 90 days	62	581
	355	837

Trade receivables from cash clients that were past due but not impaired relate to a number of independent customers that either have a good track record for repayment with the Group or fully settled the outstanding balances subsequently. 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 the pledged securities at quoted market value of approximately HK$61,447,000 over these balances (2017: HK$10,069,000).

22. LOAN AND TRADE RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Movements in the impairment loss of trade receivables in aggregate during the years ended 31 March 2018 and 2017 are as follows:

	2018 HK$'000	2017 HK$'000
Balance at the beginning of the year	3,542	73,205
Disposal of trade receivables	–	(63,811)
Amounts written off as uncollectible	(1,388)	–
Reversal of impairment loss	(1,920)	(7,417)
Impairment loss recognised	–	1,565
Balance at the end of the year	234	3,542

Included in the impairment losses of trade receivables with an aggregated balance of approximately HK$234,000 (2017: HK$3,542,000) were individually impaired trade receivables who were in financial difficulties. Impairment loss of trade receivables of approximately HK$1,920,000 (2017: HK$7,417,000) reversed during the year ended 31 March 2018 is based on the increased market value of pledged securities. During the year ended 31 March 2017, trade receivables of approximately HK$63,811,000 were sold with subsidiary at consideration of HK$2,000,000. Details please refer to note 31(a).

22. LOAN AND TRADE RECEIVABLES (Continued)

(b) Loan receivables

	2018 HK$'000	2017 HK$'000
Non-current portion		
Secured loan receivables	2,386	7,494
Unsecured loan receivables	2,820	5,216
	5,206	12,710
Less: Impairment loss	–	(5,216)
	5,206	7,494
Current portion		
Secured loan receivables	146,099	9,690
Unsecured loan receivables	2,972	20,627
	149,071	30,317
Less: Impairment loss	–	(3,385)
	149,071	26,932
	154,277	34,426

The secured loan receivables are secured by equity shares of listed companies with fair value of approximately HK$372,280,000 and second mortgage over certain property units (2017: equity shares of listed companies with fair value of approximately HK$1,866,000 and second mortgage over certain property units) and bear interest at a fixed interest rate at 9% to 22.5% (2017: 14% to 22.5%) per annum.

The unsecured loan receivables carry interest at fixed interest rate at 15% (2017: 15% to 22%) per annum. The unsecured loan receivables are guaranteed by an independent third party as at 31 March 2018 (2017: guaranteed by an independent third party).

22. LOAN AND TRADE RECEIVABLES (Continued)

(b) Loan receivables (Continued)

The following table illustrated the aging analysis, net of impairment losses, based on the loan drawdown date, of the loan receivables outstanding at reporting date:

	2018 HK$'000	2017 HK$'000
Less than 30 days	2,666	457
31 to 60 days	35,000	628
61 to 90 days	–	–
Over 90 days	116,611	33,341
	154,277	34,426

The loan receivables are due for settlement at the date specified in the respect loan agreements.

The aging analysis of loan receivables that are past due but not considered to be impaired based on the credit period of 30 days as at 31 March 2018 and 2017 is as follows:

	2018 HK$'000	2017 HK$'000
Less than 30 days	300	45
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	–	–
	300	45

Movements in the impairment loss recognised in respect of loan receivables in aggregate during the years are as follows:

	2018 HK$'000	2017 HK$'000
Balance at the beginning of the year	8,601	–
Reversal of impairment loss	(8,362)	–
Written off as uncollectable	(239)	–
Impairment loss recognised	–	8,601
Balance at the end of the year	–	8,601

Impairment loss of loan receivables of approximately HK$8,362,000 reversed during the year ended 31 March 2018 is based on subsequent settlement received (2017: Impairment loss of approximately HK$8,601,000 has been impaired during the year ended 31 March 2017 by reference to the creditability of the customers past default experience and subsequent settlement).

23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2018 HK$'000	2017 HK$'000
Other receivables		2,824	1,956
Deposits (note)		12,620	4,347
Prepayments		1,966	8,077
Amount due from a joint venture	(a)	–	–
Amount due from an investee company	(b)	–	–
		17,410	14,380

Note: During the year, deposits are mainly included office rental deposit.

(a) Amount due from a joint venture

	Note	2018 HK$'000	2017 HK$'000
At the beginning of the year			
Cost		–	73,000
Impairment		–	(73,000)
Disposed of together with the joint venture	31(c)	–	–
At the end of the year		–	–

(b) Amount due from an invested company

	2018 HK$'000	2017 HK$'000
At the beginning of the year		
Cost	–	5,042
Impairment	–	(5,042)
Written off	–	–
At the end of the year	–	–

24. BANK BALANCES AND CASH

(a) Bank balances and cash-trust

The Group maintains segregated trust accounts with a licensed bank to hold clients' monies arising from its securities and futures brokerage and financing business. The Group has classified the clients' monies as bank balances and cash-trust under the current assets of the consolidated statement of financial position and recognised the corresponding account payables to respective clients on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is restricted to use the clients' monies to settle its own obligations.

(b) Bank balances and cash-general

Bank balances and cash held by the Group amounting to approximately HK$480,823,000 (2017: HK$471,990,000) were with an original maturity of three months or less. The bank balances and bank deposits carried interest at market rates ranging from 0.001% to 2.4% (2017: 0.001% to 0.15%) per annum.

During the year ended 31 March 2018, the Group should maintain deposit with the bank of an amount not less than 20%–50% of the outstanding bank loans at note 26.

25. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2018 HK$'000	2017 HK$'000
Trade payables from the business of dealing in securities:		
— margin and cash clients	211,804	114,037
— HKSCC	–	5,183
Property and equipment payables	1,949	–
Other payables and accruals	14,141	5,859
	227,894	125,079

For trade payables, no aging analysis is disclosed for the Group's margin and cash clients and HKSCC as these clients were carried on an open account basis, the aging analysis does not give additional value in the view of the nature of business of margin financing. Also, the settlement terms of HKSCC is two trading days after the transaction dates.

26. LOAN PAYABLES

	2018 HK$'000	2017 HK$'000
Other loan, wholly repayable within one year:		
Unsecured	–	130,404
Bank loans, wholly repayable within one year:		
Unsecured	359,295	–

As at 31 March 2018, bank loans amounted to approximately HK$359,295,000 borne variable interest rate of 3.24%—3.70% per annum. The unsecured bank loans were guaranteed by the wholly owned subsidiaries, Fortune Finance Limited, Fortune Wealth Management Limited ("**Fortune Wealth**") and Mr. Xie Zhichun, the chairman of the Company.

As at 31 March 2017, the other loan of approximately HK$130,404,000 was unsecured, interest bearing at 8% per annum and subsequently repaid during the year ended 31 March 2018.

27. CONVERTIBLE BONDS

The Group employs convertible bonds as one of its sources of financing. In the both years presented, the Company issued below series of convertible bonds with maturity terms ranging from 1 to 3 years, unsecured, coupon rate at 2%-12%, with or without issuer redemption rights by the Company.

Convertible bonds are carried at amortised cost, and corresponding equity components, namely convertible bond reserves, were recognised at issue date. At reporting date, carrying amounts of the convertible bonds and these reserves were:

	2018 HK$'000	2017 HK$'000
Non-current		
Convertible bonds	223,481	290,696
Convertible bond reserves	66,821	99,503

27. CONVERTIBLE BONDS (Continued)

Particulars of new issued convertible bonds during the years are set out as below:

	Issue date	Maturity date	Coupon rate	Effective interest rate	Principal	Conversion price per share	Issuer redemption right
					HK$'000	HK$	
Year ended 31 March 2018							
2018 A	28 June 2017	27 June 2020	2%	11.17%	60,000	0.060	No
Year ended 31 March 2017							
2017 A	6 April 2016	5 April 2017	12%	14.99%	40,385	0.130	Yes
2017 B	6 July 2016	5 July 2018	5%	13.54%	32,000	0.104	Yes
2017 C	30 March 2017	29 March 2020	2%	12.47%	390,000	0.060	No

The issuer redemption right confers the Company an option to redeem the convertible bonds before maturity and conversion exercise, and is accounted as a separate derivative component. The fair value of the derivative components at issuance and subsequently at end of Reporting Year was estimated using Binomial option pricing model by recognised valuation specialist and any change in fair value is recognised in profit or loss.

Movements of carrying amounts of the liability components, equity components and any derivative components are summarised below.

27. CONVERTIBLE BONDS (Continued)

	Convertible Bond Series				
	2017 A HK$'000	2017 B HK$'000	2017 C HK$'000	**2018 A HK$'000**	Total HK$'000
Liability components					
At 1 April 2016	–	–	–	**–**	–
Issue of convertible bonds	39,333	27,303	290,497	**–**	357,133
Interests at effective interest rates	3,751	1,254	199	**–**	5,204
Conversion at exercise	(43,084)	(28,557)	–	**–**	(71,641)
At 31 March 2017 and 1 April 2017	–	–	290,696	**–**	290,696
Issue of convertible bonds	–	–	–	**46,002**	46,002
Interests at effective interest rates	–	–	20,658	**3,898**	24,556
Conversion at exercise	–	–	(137,773)	**–**	(137,773)
At 31 March 2018	–	–	173,581	**49,900**	223,481
Equity components					
At 1 April 2016	–	–	–	**–**	–
Issue of convertible bonds	24,126	27,804	99,503	**–**	151,433
Issue of shares for convertible bonds exercised	(24,126)	(27,804)	–	**–**	(51,930)
At 31 March 2017 and 1 April 2017	–	–	99,503	**–**	99,503
Issue of convertible bonds	–	–	–	**13,998**	13,998
Issue of shares for convertible bonds exercised	–	–	(46,680)	**–**	(46,680)
At 31 March 2018	–	–	52,823	**13,998**	66,821
Derivative components					
At 1 April 2016	–	–	–	**–**	–
Issue of convertible bonds	(23,074)	(23,107)	–	**–**	(46,181)
Gains on exercise of conversion	(9,468)	(22,096)	–	**–**	(31,564)
Conversion at exercise	32,542	45,203	–	**–**	77,745
At 31 March 2017, 1 April 2017 and 31 March 2018	–	–	–	**–**	–

27. CONVERTIBLE BONDS (Continued)

During the valuation process of fair value of liability components (2017: derivative components and liability components), at issuance (2017: at issuance and at subsequent measurement dates), the significant inputs to the valuation model were as follows:

	2018A	2017C
Risk free rate	0.782%	1.083%
Expected volatility	89.667%	93.077%
Expected option period	3.003 year	3.003 year

28. CORPORATE BONDS

The Group employs corporate bonds as one of its sources of financing. These corporate bonds are unsecured. At the reporting date, carrying amount of corporate bonds at amortised cost includes:

	2018 HK$'000	2017 HK$'000
Current	10,184	3,944
Non-current	154,377	160,326
	164,561	164,270

Particulars of outstanding corporate bonds at reporting date summarised by original issue years are set out below:

Issue in the year ended	Original terms	Annual coupon rate	Effective interest rate	Principal HK$'000	Carrying amount HK$'000
At 31 March 2018					
31 March 2014	7–7.5 years	6%–7%	8.59%–9.66%	43,000	41,244
31 March 2015	7 years	6%–6.5%	8.59%–9.12%	57,500	54,660
31 March 2016	3–7 years	6%–7%	9.12%–10.34%	24,810	23,805
31 March 2017	2–7.5 years	6%–6.5%	9.10%–10.34%	47,000	44,852
					164,561
At 31 March 2017					
31 March 2014	7–7.5 years	6%–7%	8.59%–9.66%	43,000	40,277
31 March 2015	7 years	6%–6.5%	8.59%–9.12%	57,500	53,346
31 March 2016	2–7 years	6%–7%	9.12%–10.78%	28,810	27,119
31 March 2017	2–7.5 years	6%–6.5%	9.10%–10.34%	47,000	43,528
					164,270

28. CORPORATE BONDS (Continued)

These corporate bonds are repayable in the following schedule:

	2018 HK$'000	2017 HK$'000
Within one year	10,184	3,944
More than one year but not exceeding two years	9,940	9,823
More than two years but not exceeding five years	116,650	112,313
More than five years	27,787	38,190
	164,561	164,270

29. SHARE CAPITAL

	Notes	Number of shares '000	Amount HK$'000
Authorised:			
At 1 April 2016, ordinary shares of HK$0.1 each		5,000,000	500,000
Capital reduction	(a)	–	(450,000)
Increase in authorised share capital	(a)	15,000,000	150,000
At 31 March 2017 and 31 March 2018, ordinary shares of HK$0.01 each		20,000,000	200,000
Issued and fully paid:			
At 1 April 2016, ordinary shares of HK$0.1 each		3,418,386	341,839
Issue of shares for convertible bonds exercised	(b)	618,343	61,834
Capital reduction	(a)	–	(363,306)
At 31 March 2017, ordinary shares of HK$0.01 each		4,036,729	40,367
Issue of shares for convertible bonds exercised	(b)	3,049,350	30,494
At 31 March 2018, ordinary shares of HK$0.01 each		7,086,079	70,861

29. SHARE CAPITAL (Continued)

(a) Capital reorganisation

On 15 March 2017, the Company implemented a capital reorganisation including i) capital reduction and ii) the increase in authorised share capital.

The par value of issued ordinary share was reduced from HK$0.1 to HK$0.01 for i) all the then outstanding shares in issue exactly 4,036,728,859 by cancellation of paid-up capital of HK$0.09 per share (approximately HK$363,306,000 on aggregate); and ii) authorised but not issued shares exactly 963,271,141. Effectively, authorised share capital was reduced from HK$500,000,000 to HK$50,000,000.

The cancellation of paid-up capital of approximately HK$363,306,000 on aggregate was offset by crediting the same amount to accumulated losses of the Company.

After reduction in par value of ordinary shares, authorised share capital was increased by lifting number of authorised shares from 5,000,000,000 to 20,000,000,000. Effectively, authorised share capital was increased from HK$50,000,000 to HK$200,000,000.

(b) Issue of shares for convertible bonds exercised

On 11 November 2016 and 29 November 2016, the holders of convertible bond series 2017 B and A exercised the option to convert as ordinary shares at HK$0.104 and HK$0.13 for approximately 307,692,000 shares and approximately 310,651,000 shares respectively.

On 28 April 2017, the holder of convertible bond series 2017 C exercised the option to convert as ordinary shares at HK$0.06 for 3,049,350,000 shares.

30. RESERVES

(a) Special reserve

The special reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition under the corporate reorganisation of the Group.

(b) Capital reserve

The capital reserve represents the contributions made by the then controlling shareholder under the corporate reorganisation of the Group.

30. RESERVES (Continued)

(c) Other reserve

The other reserves mainly represents premium arisen from the acquisition of additional 20% equity interest in Fortune Financial Capital Limited ("**Fortune Financial Capital**") at cash consideration of HK$1,793,000, additional 25% equity interest in Fortune Wealth at cash consideration of HK$1,125,000 from non-controlling interests on 18 May 2012 and 10 January 2013 respectively and additional 20% equity interest in 富強諮詢服務(深圳)有限公司 at cash consideration of RMB100,000 (equivalent to approximately HK$114,000) from non-controlling interest at 30 November 2016.

31. DISPOSALS OF COMPONENTS OF THE GROUP

(a) Disposal of subsidiaries

On 30 December 2016, the Group disposed its 100% equity interest in Main Dynasty International Limited, a subsidiary of the Company, together with 48% interest in Beijing Sapiential & Golden Resources Public Relations Consultant Co., Ltd. which held under the subsidiary (constituted an associate of the Company), at a consideration of approximately HK$2,852,000.

On 30 December 2016, the Group disposed its 100% equity interest in Legend Shores Limited, a subsidiary of the Company, at a consideration of HK$2,000,000.

The details of these disposals were summarised as below:

	2017 HK$'000
Proceeds	4,852
Less: Net assets value	(4,457)
Gain on disposals	395

31. DISPOSALS OF COMPONENTS OF THE GROUP (Continued)

(b) Disposal of an associate

On 29 June 2016, the Group disposed its 25% equity interest in Prior Capital Limited, an associate of the Company, together with a subsidiary of Prior Capital Limited, at a consideration of approximately HK$1,218,000.

The detail of the disposal was summarised as below:

	Note	2017 HK$'000
Proceeds		1,218
Less: Net assets value	18	(2,579)
Loss on disposal		(1,361)

(c) Disposal of a joint venture

For the year ended 31 March 2016, the Group held a 35% equity interest in Measure Up Group and accounted for the investment as a joint venture.

The Group disposed 35% equity interest in Measure Up Group, a joint venture of the Company, together with the loan owed by Measure Up International Limited to the Group of HK$73,000,000 for a consideration of HK$73,000,000 on 30 June 2016.

The detail of the disposal was summarised as below:

	Notes	2017 HK$'000
Proceeds		73,000
Less: Interest in a joint venture	19	–
Amount due from a joint venture	23(a)	–
Gain on disposal		73,000

There was no other material disposal of components of the Group during the years ended 31 March 2018 and 2017.

32. RELATED PARTY TRANSACTIONS

Except as disclosed elsewhere in the consolidated financial statements, the significant related party transactions, which were carried out in the normal course of the Group's business, are as follows:

	2018 HK$'000	2017 HK$'000
Brokerage commission received from Directors	–	46
Management charges from associates	–	190
Commission fees to associates	–	82
Referral fee to an associate	–	3,506

Compensation of key management personnel

All executive Directors were considered to be the key management personnel of the Group. The remuneration of executive Directors for the years was as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	12,457	6,691
Post-employment benefits	70	63
	12,527	6,754

On 27 March 2017, incidental to the subscription of convertible bonds of the Company by Mankind Investment Limited ("**Mankind**"), China Cinda (HK) Assets Management Co., Limited ("**Cinda HK**", the parent company of Mankind), provided the Company with a two-year term loan facility which confers the Company to an unconditional and irrevocable cash loan of HK$800 million at an interest rate of 6% per annum available for drawdown within a specified period not less than 24 months conditioning on several fulfilments. The loan has not been utilised at the end of Reporting Year nor up to the date of these consolidated financial statements. Both Mankind and Cinda HK are substantial Shareholders of the Company.

33. OFFSETTING FINANCIAL ASSET AND FINANCIAL LIABILITIES

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group maintained accounts with the HKSCC through which they conducted securities trading transactions and settlement on a net basis.

In presenting the amounts due from and to HKSCC (included in trade receivables or trade payables with clearing house), the Group has offset the gross amount of the accounts receivable from and the gross amount of the accounts payable to HKSCC. The amounts offset and the net balances are shown as follows:

	Gross amount HK$'000	Amount offset HK$'000	Net amount receivable (payable) HK$'000
As at 31 March 2018			
Trade receivable from HKSCC	**8,965**	**(6,105)**	**2,860**
Trade payable to HKSCC	**(6,105)**	**6,105**	**—**
As at 31 March 2017			
Trade receivable from HKSCC	5,945	(5,945)	—
Trade payable to HKSCC	(11,128)	5,945	(5,183)

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

(a) Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loan and receivables (including cash and cash equivalents)	**1,051,500**	772,723
Fair value through profit or loss		
— Investments held for trading	**112,856**	109,298
Held-to-maturity investment	**60,302**	—
Available-for-sale financial assets	**1,510**	—
Financial liabilities		
At amortised cost	**975,231**	710,449

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include investments held for trading, held-to-maturity investment, available-for-sale financial assets, trade receivables, loan receivables, other receivables and deposits, bank balances and cash-trust and general, trade payables, other payables and accruals, loan payables, convertible bonds and corporate bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Foreign exchange risk is the risk of loss due to adverse movements in foreign exchange rate relating to foreign currency denominated in loan receivables, held-to-maturity investment, available-for-sale financial assets, other receivables, bank balances, trade payables, other payables and accruals. The Group's exposure to currency risk is minimal. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated in monetary assets and liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Chinese Yuan Renminbi ("**RMB**")	**14,865**	2,346	**1,858**	394
United States Dollar ("**USD**")	**123,035**	6,949	**5,151**	153

As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rates. In the opinion of the directors of the Company, the foreign currency sensitivity does not give additional value in view of insignificant movement in the USD/HK$ exchange rates.

As at 31 March 2017, since the effect of RMB against HK$ is insignificant, thus no sensitivity analysis is presented.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

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

Currency risk (Continued)

As at 31 March 2018, the sensitivity analysis of RMB is as follows:

	Sensitivity rate	Increase/ decrease in profit for the year in profit or loss HK$'000	Increase/ decrease in equity HK$'000
2018			
RMB	5%	543	543

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to loan receivables, held-to-maturity investment, convertible bonds and corporate bonds at fixed rates and such fixed rate assets and liabilities were disclosed in the respective notes. The Group is exposed to cash flow interest rate risk in relation to certain trade receivables, bank balances and cash-general and loan payables. It is the Group's policy to keep its assets and liabilities at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's cash flow interest rate risk is mainly relating to the fluctuation of Hong Kong prime rate ("**prime rate**") and Hong Kong Interbank Offered Rate ("**HIBOR**") (the prime rate and HIBOR arising from the Group's interest bearing financial instruments). The Group's exposure to interest rates on financial assets and financial liabilities are detailed below.

Financial instruments with variable interest rate in nature:

	2018 HK$'000	2017 HK$'000
Assets		
Trade receivables		
— cash and margin clients	164,941	136,922
Bank balances and cash-general	480,823	471,990
Liability		
Loan payables	359,295	—

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

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

Interest rate risk (Continued)

The sensitivity analysis below have been determined based on the exposure to variable interest rates at the end of the Reporting Year. The analysis is prepared assuming the amounts outstanding at the end of the Reporting Year were outstanding for the whole year. A 100 basis points (2017: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 March 2018, if the interest rate of trade receivables from cash and margin clients, bank balances and cash-general, and loan payables had been 100 (2017: 100) basis point higher/lower, the Group's loss for the year would decrease/increase by approximately HK$2,392,000 (2017: HK$5,084,000).

Equity price risk

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

Sensitivity analysis

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

If the prices of the respective equity instruments had been 5% (2017: 5%) higher/lower, loss for the year ended 31 March 2018 would decrease/increase by approximately HK$4,712,000 (2017: HK$4,563,000) as a result of the changes in fair value of investments held for trading.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivatives financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

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

Liquidity risk (Continued)

The maturity portfolio of the Group's financial liabilities as at the end of the Reporting Year, based on the contracted undiscounted payments, the table include both interest and principal cash flow was as follows:

	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$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts as at 31 March HK$'000
2018						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	227,894	–	–	–	227,894	227,894
Loan payables	369,349	–	–	–	369,349	359,295
Corporate bonds	20,812	20,278	138,436	31,382	210,908	164,561
Convertible bonds	–	219,461	63,600	–	283,061	223,481
	618,055	239,739	202,036	31,382	1,091,212	975,231
2017						
Non-derivative financial liabilities						
Trade payables, other payables and accruals	125,079	–	–	–	125,079	125,079
Loan payable	131,733	–	–	–	131,733	130,404
Corporate bonds	15,534	20,812	144,520	45,576	226,442	164,270
Convertible bonds	–	–	413,400	–	413,400	290,696
	272,346	20,812	557,920	45,576	896,654	710,449

Credit risk

As at 31 March 2018, 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 arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

34. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT (Continued)

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

Credit risk (Continued)

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of loan and trade receivables, other receivables and held-to-maturity investment at the end of each reporting year 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.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spreading across diverse industries.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 85% (2017: 100%) of the total loan and trade receivables as at 31 March 2018.

In respect of held-to-maturity investment, credit risks are considered to be limited as the Group has a monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

(c) Fair value measurements of financial instruments

Financial instruments and non-financial assets measured at fair value in the consolidated statement of financial position are categorised into the three level fair value hierarchies as defined in HKFRS 13, "Fair Value Measurement".

The following table gives information about how fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used).

Financial assets and financial liabilities	Fair value as at 31 March 2018 HK$'000	Fair value as at 31 March 2017 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)
Investments held for trading	112,856	109,298	Level 1	Quoted bid prices in active market

There were no transfers between levels of fair value hierarchy in the current and prior years.

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

35. PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration and operations	Particulars of issued and paid up capital	Percentage of ownership interest and voting power held by the Company		Principal activities
			2018	2017	
Fortune (HK) Securities Limited	Hong Kong	310,000,000 ordinary shares	100%	100%	Provision of securities brokerage and margin financing services
Fortune Asset Management Limited	Hong Kong	47,700,000 ordinary shares	100%	100%	Provision of asset management services
Fortune Financial (Holdings) Limited	BVI	1 ordinary share of US$1 each	100%	100%	Investment holding
Fortune Finance Limited	Hong Kong	10,000 ordinary shares	100%	100%	Provision of money lending services
Fortune Wealth	Hong Kong	6,700,000 ordinary shares	100%	100%	Provision of insurance brokerage services
Fortune Immigration Investment Consulting Limited	Hong Kong	100,000 ordinary shares	100%	100%	Provision of immigration advisory services
Fortune Financial Capital	Hong Kong	31,700,000 ordinary shares	100%	100%	Provision of corporate finance services
Fortune Case Limited	Hong Kong	1 ordinary share	100%	100%	Provision of corporate administrative services to group companies

All subsidiaries are companies incorporated with limited liability in the respective jurisdictions.

35. PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the years ended 31 March 2018 and 2017.

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particular excessive length.

36. FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position of the Company

	2018 HK$'000	2017 HK$'000
Non-current assets		
Property and equipment	130	27
Interests in joint ventures	1,415	1,415
Investments in subsidiaries	2,461	2,461
	4,006	3,903
Current assets		
Other receivables, deposits and prepayments	211	279
Amounts due from subsidiaries	756,714	411,069
Bank balances and cash	378,556	390,686
	1,135,481	802,034
Current liabilities		
Trade payables, other payables and accruals	1,874	2,935
Amounts due to subsidiaries	48,233	48,142
Loan payables	359,295	130,404
Corporate bonds	10,184	3,944
Tax payable	23	21
	419,609	185,446
Net current assets	715,872	616,588
Total assets less current liabilities	719,878	620,491

36. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(a) Statement of financial position of the Company (Continued)

	Notes	2018 HK$'000	2017 HK$'000
Non-current liabilities			
Corporate bonds		154,377	160,326
Convertible bonds		223,481	290,696
		377,858	451,022
Net assets		342,020	169,469
Capital and reserves			
Share capital	29	70,861	40,367
Share premium	36(b)	569,676	415,717
Convertible bond reserves	27	66,821	99,503
Contributed surplus	36(b)	80,657	80,657
Accumulated losses	36(b)	(445,995)	(466,775)
Total equity		342,020	169,469

(b) Reserves of the Company:

	Note	Share premium HK$'000	Convertible bond reserves (note 27) HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000
At 1 April 2016		431,725	–	80,657	(852,625)
Profit for the year		–	–	–	22,544
Issue of convertible bonds		–	151,433	–	–
Issue of shares for convertible bonds exercised		(16,008)	(51,930)	–	–
Capital reduction	29(a)	–	–	–	363,306
At 31 March 2017 and 1 April 2017		415,717	99,503	80,657	(466,775)
Profit for the year		–	–	–	20,780
Issue of convertible bonds		–	13,998	–	–
Issue of shares for convertible bonds exercises		153,959	(46,680)	–	–
At 31 March 2018		569,676	66,821	80,657	(445,995)

36. FINANCIAL INFORMATION OF THE COMPANY (Continued)

(b) Reserves of the Company: (Continued)

The contributed surplus of the Company represents the difference between the fair values of the underlying net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued under the corporate reorganisation of the Group.

37. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of convertible bonds disclosed in note 27, corporate bonds disclosed in note 28, loan payables disclosed in note 26, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Directors of the Company review the capital structure regularly. As part of this review, the Directors of the Company consider the cost of capital and the associated risks with each class of capital, and take appropriate actions to adjust the Group's capital structure.

For certain subsidiaries of the Group, they are regulated by Securities & Futures Commission ("**SFC**") and are required to comply with certain minimum capital requirements according to the rules of SFC. Management monitors, on a daily basis, the subsidiaries' liquid capital to ensure it meets the minimum liquid capital requirement in accordance with the Securities and Futures (Financial Resources) Rules, the range of liquid capital is from HK$100,000 to HK$3,000,000 or 5% of their total adjusted liabilities, whichever is higher.

Another subsidiary of the Group is a member of the Professional Insurance Brokers Association Limited and is required to maintain a minimum net asset value of HK$100,000 at all times.

There is no non-compliance of the capital requirements imposed by the respective regulators during both years.

38. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group as lessee

The Group leases certain of its office premises under operating lease arrangements. Lease for properties are negotiated for a term ranging from one year to five years and rentals are fixed at the inception of lease. No provision for contingent rent and terms of renewal were established in the lease.

As at 31 March 2018 and 2017, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 HK$'000	2017 HK$'000
Within one year	16,780	2,268
In the second to fifth year, inclusive	23,869	643
	40,649	2,911

(b) Capital commitment

The Group had the following capital commitment at reporting date:

	2018 HK$'000	2017 HK$'000
Contracted but not provided for:		
Investment in a joint venture	6,136	5,428

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Loan payables HK$'000	Corporate Bonds HK$'000	Convertible bond HK$'000	Total HK$'000
At 31 March 2017	130,404	164,270	290,696	585,370
Cash-flows:				
— Repayment of a loan	(130,000)	–	–	(130,000)
— Repayment of corporate bonds	–	(4,000)	–	(4,000)
— Proceeds from loans	360,000	–	–	360,000
— Proceeds from issue of convertible bonds	–	–	60,000	60,000
— Interest paid	(1,734)	(11,589)	–	(13,323)
— Loan handling charges paid	(1,028)	–	–	(1,028)
Non-cash:				
— Equity component of convertible bonds	–	–	(13,998)	(13,998)
— Conversion of convertible bonds	–	–	(137,773)	(137,773)
— Redemption of convertible bonds	–	–	(30,494)	(30,494)
— Proceeds from issue of new shares	–	–	30,494	30,494
— Finance costs recognised	1,653	15,880	24,556	42,089
At 31 March 2018	359,295	164,561	223,481	747,337

40. RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund ("**MPF**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income when employees have rendered service entitling them to the contributions. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Pursuant to the regulations of the relevant authorities in the PRC, the subsidiaries of the Group in PRC participate in respective government retirement benefit scheme (the "**Scheme**") whereby the subsidiaries are required to contribute to the Scheme to fund the retirement benefits of the eligible employees. Contributions made to the Scheme are calculated based on certain percentages of the applicable payroll costs as stipulated under the requirement in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contribution under the Schemes.

40. RETIREMENT BENEFIT SCHEME (Continued)

The total cost charged to the consolidated statement of profit or loss and other comprehensive income of approximately HK$1,385,000 (2017: approximately HK$1,065,000) represents contributions payable to the schemes by the Group in respect of the year ended 31 March 2018.

41. EVENTS AFTER THE REPORTING DATE

(i) On 9 November 2017, the subscription agreement dated 23 January 2017 entered into by the Group in relation to the establishment of a joint venture was terminated due to a change in the shareholding structure of the joint venture company. On 9 November 2017, the Group therefore entered into a new subscription agreement with independent third parties in relation to the establishment of the joint venture at total investment amount of RMB1,000 million (equivalent to approximately HK$1,174 million) and the Group shall contribute an aggregate amount of RMB300 million (equivalent to approximately HK$352 million) and hold 30% shareholding in the joint venture. The establishment of the joint venture is subject to approval by the China Securities Regulatory Commission. As at the date of the report, the approvals had yet to be obtained in this regard.

(ii) The convertible bond in principal amount of HK$60,000,000 (which is convertible into 1,000,000,000 conversion shares at a conversion price of HK$0.06 per share) has been issued to Riverhead Capital on 5 July 2018 upon fulfillment of the conditions as stipulated in the subscription agreement entered into between the Company and Riverhead Capital on 22 November 2016.

(iii) On 27 March 2018, the Group entered into a facility letter with a bank, which granted a revolving loan and overdraft facility of up to HK$50 million, effective from 6 June 2018.

On 29 May 2018, the Group entered into a facility letter with a bank, which granted a revolving term loan facility of up to HK$50 million, effective from 12 June 2018.

These two loan facilities shall be subject to review by 31 March 2019 and secured by corporate guarantee issued by the Company and securities collateral pledged to the Group by margin clients. Specific written authorizations have been obtained by the Group from the margin clients for such use over the clients' securities. The loans have not been utilized at the end of reporting date nor up to the date of the report.

42. COMPARATIVE FIGURES

Certain comparative figures in these consolidated financial statements were reclassified to conform to the current year's presentation.

Five Year Financial Summary

	For the year ended 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**94,042**	49,880	49,207	45,083	51,140
(Loss)/profit before tax	**(62,224)**	30,907	(42,682)	(156,736)	(15,591)
Income tax expense	**(3,226)**	–	–	(431)	(32)
(Loss)/profit before non-controlling interests	**(65,450)**	30,907	(42,682)	(157,167)	(15,623)
Non-controlling interests	**–**	–	381	435	369
(Loss)/profit for the year attributable to owners of the Company	**(65,450)**	30,907	(42,301)	(156,732)	(15,254)
(Loss)/earnings per share (HK cents)					
Basic	**(0.95)**	0.85	(1.24)	(4.58)	(0.46)
Diluted	**(0.95)**	0.84	(1.24)	(4.58)	(0.46)

	As at 31 March				
	2018	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
ASSETS AND LIABILITIES					
Total assets	**1,353,930**	988,835	458,135	477,943	567,489
Total liabilities	**(978,164)**	(711,169)	(350,595)	(324,096)	(258,197)
	375,766	277,666	107,540	153,847	309,292
Non-controlling interests	**–**	–	1,125	781	361
	375,766	277,666	108,665	154,628	309,653